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Daily Report

East Asia

FBIS-EAS-95-145
Friday
28 July 1995

Daily Report
East Asia

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Vietnam Notifies ASEAN of Tariff Cut Delay

BK2507093895 Bangkok BANGKOK POST in English 25 Jul 95 p 1

[Report by Phanrawi Tansuphaphon and Suphaphon Kanwerayothin]

[FBIS Transcribed Text] Vietnam officially notified ASEAN yesterday that it would be three years behind in meeting tariff cut requirement for the ASEAN Free Trade Area and promised to deliver a timetable detailing concrete steps it will take before the ASEAN Summit in December in Thailand.

This means Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand will lower tariff of products traded among them to 0-5 per cent by the year 2003, while Vietnam will achieve the same target by 2006.

In Hanoi, Vietnamese Foreign Minister Nguyen Manh Cam confirmed the three-year lag, saying that ASEAN's objective being cooperation among member countries for their own and the region's development ASEAN will take into consideration the fact that Vietnam might join in later.

Mr Cam, who is due to arrive in Brunei in a few days, explained that Vietnam's National Assembly was the authority to rule on tax reduction and that Vietnam and ASEAN together will work out the most appropriate timetable.

"We try to do our best to join AFTA, the sooner the better. The timetable for Vietnam to join AFTA will be based on the agreements between Vietnam and other ASEAN members. Based on our current conditions, Vietnam can join AFTA on January 1, 1996," he said.

On the Common Effective Preferential Tariff scheme, Mr Cam said Vietnam was undertaking tax reform consistent with market economy.

"The old tax system is no longer suitable to our economy, therefore the tax reform not only meets the requirement of AFTA but also of the regional and international cooperation organisations, especially the World Trade Organisation which we will be joining," he said.

Vietnam will be admitted as the seventh member of the Association of Southeast Asian Nations at a ceremony on Friday in Bandar Seri Begawan where ASEAN ministers begin their annual meeting this Saturday.

By announcing the exact timeframe of three years to fulfil AFTA obligations, Vietnam has effectively removed "the final stumbling block" in the way of its ASEAN membership in time for the admission ceremony.

Vietnam also promised to work out a timetable by the time of ASEAN summit set for December 14-15 in Thailand. The timetable will detail steps it would take, and each year's tariff reduction plans, according to an ASEAN source attending the preparatory meetings for their ministers' conference.

Vietnam's Vice-Foreign Minister Vu Khoan, while still declining to state the timeframe, explained that as a latecomer to the scene, his country needs the time to catch up. But other ASEAN officials confirmed the three-year time lag requested by Vietnam.

ASEAN To Encourage Cambodia To Participate

BK2607133795 Singapore Radio Corporation of Singapore in English 1000 GMT 26 Jul 95

[FBIS Transcribed Text] ASEAN will encourage Cambodia to take part in the grouping's future activities as Phnom Penh will accede to the Treaty of Amity and Cooperation at the coming ASEAN ministerial meeting.

Chairman of the 28th ASEAN Standing Committee, Brunei Foreign Minister Mohamed Bolkiah, disclosed this today. Brunei will now hand over the chairmanship of the committee to Indonesia. Prince Mohamed Bolkiah said the ASEAN Secretariat is reviewing its present structure ahead of the Bangkok summit this year. ASEAN officials said the move is to streamline the secretariat. Prince Bolkiah also noted ASEAN had made good progress in the past year, especially in promoting security dialogues.

Yesterday's senior officials meeting had among other things proposed that more group meetings be held at an unofficial level to promote regional security cooperation.

Alatas Arrives in Brunei, Comments on SRV

BK2707112095 Singapore Radio Corporation of Singapore in English 1000 GMT 27 Jul 95

[FBIS Transcribed Text] Indonesian Foreign Minister Ali Alatas says ASEAN is moving closer to the vision of a united Southeast Asia with Vietnam's entry into the organization. Vietnam will be admitted into the grouping at the start of the 28th ministerial meeting on Saturday.

Speaking to reporters on arrival in Brunei, Mr. Alatas said Vietnam's entry will strengthen the grouping. He noted that Vietnam was once at loggerheads with ASEAN, but is now becoming a member — a sign of how much progress has been made in the region. He added Vietnam has much to offer in terms of a hardworking population and he believed there is a great desire in the country to make economic progress.

Other ASEAN foreign ministers have also been arriving in Brunei. Singapore Foreign Minister Professor S. Jayakumar will arrive tomorrow.

Vietnam Officially Joins ASEAN

BK2807104795 Singapore Radio Corporation of Singapore in English 1000 GMT 28 Jul 95

[FBIS Transcribed Text] Vietnam has officially becomes the seventh member of ASEAN. Vietnamese Foreign Minister Nguyen Manh Cam signed the declaration on Vietnam's membership in Brunei, which is hosting this year's ASEAN Ministerial Meeting beginning tomorrow.

Indonesia's foreign minister, Ali Alatas, said the declaration formalized not just Vietnam's admission but also Hanoi's solemn commitment to all treaties and agreements of ASEAN.

Prince Mohamed Bolkiah, foreign minister of Brunei, said Vietnam's admission was of special significance to the group as it signalled the start of a strong Southeast Asia. It is the first time in 11 years that ASEAN is enlarged.

In his speech to mark Vietnam's entry into ASEAN, Foreign Minister S. Jayakumar said the challenge facing ASEAN now is to remain robust and united. Professor Jayakumar said there are both opportunities and challenges for ASEAN as it expands. And with new members, he said, there will be more resources, fresh ways to problem solving, and new opportunities for cooperation and economic growth. And if the synergy of efforts and resources is well managed, ASEAN can remain a dynamic regional and international entity. Professor Jayakumar said Vietnam's entry into ASEAN augurs well for Southeast Asia and the Asia-Pacific as it moves toward the next century.

Indonesia Named ASEAN Spokesman on Spratlys

BK2807130295 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 28 Jul 95

[FBIS Translated Text] Amid the diplomatic row among the claimant countries to the Spratly Islands, Indonesia's role in resolving the overlapping claims dispute has been well recognized. This has been proved at the ASEAN senior officials meeting, SOM. The SOM announced at the end of its session that Indonesia has been selected to be the ASEAN spokesman in discussions on the South China Sea with its dialogue partners.

Saharjo Zamzani, director general of ASEAN affairs in the Department of Foreign Affairs, said that Indonesia had been asked to serve as spokesman in discussions related to the South China Sea. All ASEAN members want Indonesia to play an important role in solving the dispute.

Indonesia's role as a facilitator in five workshops on the South China Sea has been supported and appreciated by ASEAN, although there has been no solution to the overlapping claims.

Malaysia Wants 'Separate Statement' on Bosnia

BK2807073395 Kuala Lumpur THE STAR in English 28 Jul 95

[Received via Internet]

[FBIS Transcribed Text] Bandar Seri Begawan — Foreign Minister Datuk Abdullah Ahmad Badawi expressed hope that the ASEAN foreign ministers meeting would adopt a stand to call for the lifting of the arms embargo on Bosnians.

Speaking to newsmen at the airport in Bandar Seri Begawan yesterday, he said if the Bosnians were a little better equipped, they would not have to suffer so much and may be able to get the Serbs to agree to peace.

Malaysia wants a separate statement on Bosnia which calls for the lifting of the arms embargo.

Abdullah said a separate statement instead of the joint communique would be better as it would reflect the importance of the issue.

As Bosnian tragedy was not an ASEAN regional issue, it would be better reflected in a separate statement, he said.

ASEAN Supports Lifting Bosnia Arms Embargo

BK2807161295 Singapore Radio Corporation of Singapore in English 1300 GMT 28 Jul 95

[FBIS Transcribed Text] ASEAN foreign ministers in Brunei have issued a statement supporting the lifting of the UN arms embargo on Bosnia. The statement said ASEAN accepts Bosnia's right to self-defense and its right to request and receive military assistance. The ministers expressed regret at the failure of the UN Security Council to find a just and durable settlement to the Bosnian issue. They also called upon the Security Council to authorize UN peacekeeping forces to use all necessary measures to protect the UN safe areas and for the UN and NATO to protect, defend, and secure the lifeline to these areas.

Japan

Igarashi Briefs UN on 'Comfort Women' Aid

OW2607103495 Tokyo KYODO in English 0941 GMT 26 Jul 95

[FBIS Transcribed Text] Tokyo, July 26 KYODO — Chief Cabinet Secretary Kozo Igarashi told a UN rapporteur investigating the use of women forced into sexual servitude by Japan in World War II that the government plans lump-sum compensation payments for the women via a foundation, government officials said Wednesday [26 July].

Igarashi outlined the government's plans during a meeting at the Prime Minister's Official Residence with Radhika Coomaraswamy, a Sri Lankan jurist appointed by the United Nations Commission on Human Rights as a special rapporteur on violence against women.

She heads the first UN group to visit Japan to look into Japan's World War II responsibility, including the "comfort women" issue.

Igarashi also told Coomaraswamy that the government will extend welfare and medical assistance to the women, the officials said.

The officials said Igarashi gave Coomaraswamy an assurance that the Japanese Government "wants to cooperate with UN efforts to promote the dignity of women and women's rights."

They said Coomaraswamy avoided any direct evaluation of the government's policy, but told Igarashi that the victimization of women during wars should be treated as a crime by the state and that laws to punish such abuses are needed.

Coomaraswamy arrived in Japan on Saturday for six days of meetings with Japanese Government officials and former comfort women, many of them Korean, living in Japan.

Her recommendations to be complied by the end of next month will become the subject of debate at a U.N.-sponsored international women's conference in Beijing in September as well as other international forums.

Historians estimate that 100,000 to 200,000 women, mostly from the Korean peninsula, were forced into sexual slavery in Japanese military brothels before and during the war.

Korea was under Japanese colonial rule between 1910 and 1945.

Tokyo Conditionally Backs UN Fishing Treaty

OW2507032595 Tokyo KYODO in English 0229 GMT 25 Jul 95

[FBIS Transcribed Text] New York, July 24 KYODO — Japan expressed conditional support Monday [24 July] for a proposed UN treaty that would allow inspectors from coastal states to board and check fishing vessels in international waters to verify compliance with catch quotas.

Addressing the UN Conference on Straddling Fish Stocks and Migratory Fish Stocks, Japanese Deputy Envoy Matsushiro Horiguchi said Japan is ready to back the treaty as long as it does not disrupt emerging regional fishery conservation arrangements.

The conference convened its sixth session Monday following an April session that ended in disagreement amid opposition from Japan and other countries that pursue active high-seas fishing. The session is to end Aug. 4.

Horiguchi, minister of the Japanese Permanent Mission to the United Nations, said Japan will accept a treaty empowering such inspectors to conduct onboard checks and other supervisory steps if they do not involve seizure of fishing vessels or detention or prosecution of crew.

He described the decision to accept onboard inspections as a major Japanese concession.

A key controversial provision of the proposed 48-article treaty concerns a situation where vessels fishing in international waters are too distant from the state whose flag they fly to be policed by the "flag state."

Sakigake To Protest French Nuclear Plans

OW2807003795 Tokyo SANKEI SHIMBUN in Japanese 21 Jul 95 Morning Edition p 2

[FBIS Translated Text] As a part of its campaign to protest against France's resumption of nuclear tests, New Party Sakigake [Harbinger] approved on 20 July a plan to dispatch a protest ship to the area where the tests will be held and started to take concrete action on the plan. The party's executive office was notified that Masayoshi Takemura, finance minister and party representative, and other party members will be aboard the ship. In a speech on 17 July, Takemura clearly gave his "promise as a politician" that he will be aboard the ship himself if it is dispatched. He also told the party's executive office that the party should be "prepared for dispatch, because I am serious about it." Having learned that a nonpartisan group of state representatives in Australia is also protesting against the nuclear tests, the executive office is coordinating actions with them on the possibility of jointly dispatching a protest ship.

The party is thinking about dispatching the ship from Tahiti to an area near the sector France has banned ships from entering, near the Mururua Atoll in the South Pacific. The party has already started investigating the cost of chartering a ship and other expenses.

However, some party members think the party should dispatch a protest ship as a ruling party. In this case, the party is expected to have hard sailing in coordinating with the Liberal Democratic Party [LDP], which keeps a strict watch on Sakigake's conspicuous actions. Among other things, the LDP may say that "the gap between such an action and the protest against China is too big." Since Sakigake is having a tough time in the upper house elections, some LDP members are assuming a cool attitude toward Sakigake, saying that it is "an election strategy aimed at promoting the party's image by bringing to the front its stand against the nuclear tests" (according to an LDP source).

Meanwhile, Yuichi Ichikawa, chairman of the New Frontier Party's Policy Research Council, made a speech in Osaka on 20 July commenting on Finance Minister Masayoshi Takemura's call for a boycott of French products to protest France's resumption of nuclear tests. Ichikawa pointed out, "It is a call that should be made by a private citizen, not by a minister." Ichikawa also said, "The government is unable to assume a strong stand. Prime Minister Tomiichi Murayama, when he went to China, could not strongly ask China to stop its nuclear tests, because China is a long-established socialist nation."

Antinuclear Resolution Names PRC, France

OW2707111695 Tokyo KYODO in English
1105 GMT 27 Jul 95

[FBIS Transcribed Text] Tokyo, July 27 KYODO — The ruling coalition Thursday [27 July] adopted a resolution protesting China's nuclear testing and opposing France's decision to resume nuclear testing, coalition officials said.

The coalition government expects to pass the resolution through the Diet during an extraordinary Diet session slated to start Aug. 4, they said.

The proposed resolution "opposes any nuclear testing by any country" and denounces France for its decision to resume nuclear testing following China's underground nuclear test, describing the French move as "a disallowable act that threatens human lives and destroys the earth's environment."

It demands that France withdraw its decision to conduct underground nuclear tests in the South Pacific from September while urging the Japanese Government to take "appropriate measures" soon against China and France and make efforts to realize an early signing of a comprehensive nuclear test ban treaty.

Deterrence Effect of Nuclear Test Ban Discussed

OW2707135995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Jul 95 — Morning Edition, p.2

[FBIS Translated Text] On 19 July, the government and ruling coalition parties decided on a plan to submit to the Diet a draft resolution calling on the United Nations to adopt a resolution totally banning nuclear testing. However, as the United Nations is in recess until the end of September, when the next general plenary session convenes, it is expected that even if the draft resolution is adopted, it will not come up before October.

Therefore, the resolution will be not adopted before France's scheduled resumption of nuclear testing in September. Moreover, the UN resolution is nonbinding, making it unclear what effect it will actually have in deterring such testing. This issue is being capitalized on to influence the "election outcome" of the upcoming upper house elections to be held on 23 July. One cannot deny the impression that its political appeal is being used as a publicity campaign move.

"The strength of international public opinion calling for the halt of nuclear testing is unmistakable, and the resolution will put strong political pressure on China and France to drop consideration of resuming nuclear testing," concluded the coalition government regarding introducing and adopting the draft resolution (according to an official close to the prime minister). Japan wants to take the initiative in drafting the resolution, and it has set a goal, along with Australia and other countries, to see the United Nations adopt the resolution mid-October.

However, many within Foreign Affairs Ministry feel "there is little likelihood that China and France will halt nuclear testing solely because of the resolution" (to quote a senior official). It is feared that this issue alone could sour bilateral relations with China and France. Hence, no small number of officials are able to hide their frustration that "this will only end in irritating both countries."

Tokyo Confirms Stance on APEC, Avoids Details

OW2807070095 Tokyo KYODO in English
0612 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — The Government of Japan, tasked with fleshing out details of an Asia-Pacific free-trade accord, confirmed its role Friday [28 July] but avoided any specifics, officials said.

Before sending special envoys to visit key Asia-Pacific Economic Cooperation (APEC) forum members, Prime Minister Tomiichi Murayama called in selected cabinet ministers in the morning to confirm Japan's stance as host of this year's summit.

"As host nation, we must do what we have to do," Murayama told Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura, International Trade and Industry Minister Ryutaro Hashimoto, Chief Cabinet Secretary Kozo Igarashi and Taichiro Okawara, minister of Agriculture, Forestry and Fisheries, officials said.

Specifics were not discussed, Hashimoto told a news conference.

He reportedly told the cabinet members that although some areas must be treated with care, "As host we must make progress" at the November summit in Osaka.

But Okawara, while agreeing that the Uruguay round of global trade liberalization must be respected, reportedly stressed that "special consideration is needed" in various farm trade areas.

Japan's role as host is to help map out the declaration, adopted at last year's APEC summit in Indonesia, for APEC-wide free trade and investment by 2020. Developed nations are to reach the goal by 2010, giving developing nations an extra 10 years.

ODA Programs to Burma To Resume Conditionally

OW2807024195 Tokyo YOMIURI SHIMBUN in Japanese 26 Jul 95 Evening Edition p 1

[FBIS Translated Text] The government decided on 26 July to "conditionally unfreeze" Japan's Official Development Assistance (ODA) programs to Myanmar [Burma] in response to the Burmese government's decision to end the house arrest of pro-democracy leader Aung San Suu Kyi. Japan intends to convey the decision to Burma at bilateral foreign ministerial talks expected to be held during the ASEAN postministerial conference in Brunei late this month.

Japan's ODA programs to Burma have been "suspended" except for emergency humanitarian aid since the military government took power in 1988. Following the release of Aung San Suu Kyi, the Japanese Government decided to resume gradually eight suspended ODA programs, including assistance to an expansion project at Yangon [Rangoon] International Airport. However, the government noted that new yen-based loan programs are still "under study" in consideration of uncertainties in Burma's democratization policies.

In mid-July, a senior Foreign Ministry official met with Aung San Suu Kyi in Burma to explain that her release is not a sufficient condition for a full resumption of Japan's ODA programs to Burma. Aung San Suu Kyi reportedly showed a clear understanding of Japan's position.

The Japanese Government intends to clarify further its stance toward Burma by resuming ODA programs "on certain conditions." As a tangible condition, Japan is likely to call for Burma's further democratization efforts in addition to the release of Aung San Suu Kyi. The "conditional resumption" of the ODA programs may pave the way for additional yen-based loans proposed by the business sector in Japan.

The Japan-Burma foreign ministerial talks are expected to be held around 31 July, as both nations strongly hope for dialogue at an early date.

Emergency Rice Aid to Philippines Announced

OW2807085395 Tokyo KYODO in English 0534 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Japan will sell 30,000 tons of imported rice to the Philippines in emergency aid following a drought there, the farm minister said Friday.

Agriculture, Forestry and Fisheries minister Taichiro Okawara said Japan officially agreed Friday morning to export the rice on a 30-year deferred payment basis.

Okawara said in a press conference after a regular cabinet meeting that Japan will supply rice which it bought from Thailand last year.

He said the first shipment to the Philippines will be made in early August at a price of 18,000 yen per ton FOB. The Philippines will arrange a vessel to carry the rice, Okawara said.

The country early this month asked for rice supplies from Japan, citing a shortage of 200,000 to 300,000 tons stemming from the drought. It has already bought rice from Thailand, Vietnam and other countries.

Itochu Group-Jiang Zemin Meeting Causes Stir

OW2807011695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jul 95 Morning Edition p 13

[FBIS Translated Text] The fact that an Itochu Corporation delegation headed by Itochu President Minoru Murofushi met with Chinese President Jiang Zemin on

24 July is causing ripples in Beijing's international business community. Since the Chinese Government usually sends its deputy prime minister to meet visiting delegations of top Japanese business leaders, the Itochu delegation's meeting with Jiang Zemin signifies Itochu's leading position in business in Beijing.

Last September, a Mitsubishi delegation led by Mitsubishi Corporation Chairman Shinroku Morohashi and Toyota Motor Corporation President Tatsuro Toyoda met separately with Prime Minister Li Peng. These were the highest-level talks held between a Japanese delegation and Chinese leaders in the past year. Usually Deputy Prime Ministers Li Lanqing and Wu Bangguo meet general delegations, and sometimes delegations are met by Chairman Li Ruihuan of the Chinese People's Political Consultative Conference, who ranks fourth in the CPC.

In addition to Morohashi and Toyoda, other business leaders met with top Chinese leaders. But they met top Chinese leaders not as representatives of certain companies but as heads of delegations from economic circles. Thus the meeting between Chinese President Jiang Zemin and the Itochu delegation is "remarkable."

To attain the goal of "maintaining a leading position as a trading house in sales and all other Japan-PRC trade," Itochu Corporation is attaching more importance to business in China. The Chinese authorities, in response, have given Itochu permission to set up an "umbrella company" (a holding company set up by a joint venture company of the Itochu group) ahead of other companies.

Such business performance in China led to the recent meeting with President Jiang Zemin. For European and U.S. companies, it is not such an unusual event to meet with top Chinese leaders — for example, top IBM leaders met with Jiang Zemin. This is because their visits are not merely "courtesy visits" and because they propose concrete projects that could benefit China. In this regard, there are various speculations about the Itochu delegation's recent visit.

Lower Consumer Prices Concern EPA Chief

OW2807043695 Tokyo KYODO in English 0345 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Economic Planning Agency (EPA) chief Masahiko Komura voiced concern Friday [28 July] over the possible negative economic effects of recent drops in prices.

Komura refrained from clarifying whether or not the current situation can be defined as deflation. But he cited the need for the government to take action to ensure that the downtrend will not lead to economic contraction.

At a press conference, Komura also expressed concern over the nation's jobless situation, describing the official June rate of 3.2 precent as "a warning level."

Japan's unemployment rate rose 0.1 point in June from the previous month to a seasonally adjusted 3.2 percent to match the previous record high marked in April.

Komura said the figures for June industrial production, to be released later in the day, are "not worse than originally estimated."

Production at mines and factories is forecast to drop 1.4 percent in June from the previous month, following declines in April and May.

As output for July is also projected to fall 1.5 percent, Japan's industrial production would mark the first four-month string of declines since the October 1992-January 1993 period, further confirming the discouraging economic outlook.

Industries React to 1995 Economic White Paper

OW2707233495 Tokyo MAINICHI SHIMBUN in Japanese 26 Jul 95 Morning Edition p 9

[FBIS Translated Text] The economic white paper released on 25 July points out that if the yen continues to appreciate in the future, Japan will need to make efforts to improve its industrial productivity further. How are Japanese manufacturers who are restructuring their businesses responding to the proposals made in the economic white paper?

The index of international competitiveness by industry is called the equilibrium rate, which compares purchasing power parity by industry between Japan and the United States, calculated from raw material prices and labor costs.

For example, if the same household electric appliance sells for 10,000 yen in Japan and for $100 in the United States, the equilibrium rate is 100 yen per dollar.

The economic white paper points out that the 1994 equilibrium rate for electric machinery was 74 yen per dollar. The paper points out that over the past 20 years, Japanese makers have tripled their competitiveness against foreign products. A major household electric appliance maker, concerned that the economic white paper will keep the yen strong, said: "We have been coping with the drastically appreciated yen by relocating our production offshore and restructuring our business. If the government releases this figure in its economic white paper without understanding our troubles, the figure could be exploited by speculators." Yoichi Morishita, president of Matsushita Electric Industrial Company, refutes the "excessive rate" reported in the economic white paper by saying, "We already had trouble running our business when the yen- dollar exchange rate reached 90 yen per dollar."

The economic white paper gives the textile industry an even poorer mark. The paper points out that the 1975 equilibrium rate for the textile industry was 305 yen per dollar, while the 1994 equilibrium rate remained at a high level of 378.62 yen per dollar. As a result, the textile industry is singled out by the economic white paper as the most uncompetitive industry in Japan.

Textile product imports have exceeded textile exports since 1985, when the Plaza Agreement was concluded, and the gap between them has continued to widen. The excess of imports over exports in 1994 amounted to $13.9 billion, and the excess is expected to balloon to $19 billion in 1995.

Imported cotton goods have an 80-percent share of the Japanese market. Nisshinbo Industries, Ltd., a major cotton goods maker, says: "We have relocated our production offshore and struggled beyond description to stay competitive, but we feel strong pressure from imported cotton goods." The Japanese textile industry is said to have lost its competitiveness following a sharp rise in imports of cotton goods from Vietnam and China, where labor is cheap.

In the past 20 years, the chemical industry has nearly doubled its competitiveness. Mitsubishi Kasei Corporation says, "We have succeeded in keeping competitive as a result of our efforts to rationalize our business in the face of cost competition." But each cotton goods maker sees limits to rationalizing its business. The view is surfacing that the textile industry will have to restructure itself in the future.

Business Leaders Call for Economic Reform

OW2707132195 Tokyo KYODO in English
1308 GMT 27 Jul 95

[FBIS Transcribed Text] Karuizawa, Japan, July 27 KYODO — Most business leaders agreed in a seminar Thursday [27 July] that Japanese business practices should be internationalized to forestall an increase in trade friction with other countries.

Yuzaburo Mogi, president of Kikkoman Corp., said Japanese business practices are too idiosyncratic and need to be harmonized with international norms.

Trade friction between Japan and the United States may not be resolved if Japanese manufacturers avoid production in the U.S. of products they can make at their U.S. plants, said Tsunao Hashimoto, vice president of Sony Corp.

The remarks were made at the first-day session of a three-day seminar held by the Japan Association of Corporate Executives (Keizai Doyukai) in the resort town of Karuizawa in Nagano Prefecture to discuss Japan's politics and external relations.

On the East Asia Economic Caucus (EAEC) plan proposed by Malaysia, Fuji Xerox Co. Chairman Yotako Kobayashi said Japan should support the scheme.

Reportage on Former Credit Union Connections

Alleged Deal Dismisses Official

OW2807080795 Tokyo KYODO in English
0607 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Finance Minister Masayoshi Takemura announced Friday [28 July] he has dismissed the head of the affiliated Institute of Fiscal and Monetary Policy from his post over an alleged business contract with a management consultant linked to a recent credit union scandal.

Takemura told a news conference that Yoshio Nakajima, 53, former deputy director general of the ministry's budget bureau, was attached to the minister's secretariat for causing public criticism.

After further looking into factual circumstances from a legal viewpoint, the ministry will impose a punishment, if necessary, Takemura said [sentence as received].

Nakajima admitted to having signed a contract in February last year with Kunio Kubota to receive payments in reward for investing 20 million yen in a business importing and selling Chinese health beverages but soon canceled it, Takemura said.

Kubota reportedly served as a bridge between government officials and Harunori Takahashi, former president of dissolved Tokyo Kyowa Credit Association, who has been indicted for allegedly breaching trust.

Nakajima also admitted there was a transfer of money between him and an executive involving the business contract, ministry officials said, adding the details have yet to be investigated.

Takemura said that since the involvement of cash is a very serious problem, the ministry will take some more time to examine whether Nakajima's deed breaches a law regarding public servants.

The government official act prohibits public employees from engaging in profit-making corporate management and moonlighting.

Nakajima was already reprimanded in March over his too close relationship with Takahashi, together with other senior officials.

Asked about other bureaucrats' responsibility in the Nakajima affair, Takemura said the ministry will make a comprehensive judgment on necessary punishment after further internal fact-finding investigation.

But Takemura brushed aside any notion of resigning over the issue, saying, "I'm not considering resigning over this problem at this point."

Prime Minister Tomiichi Murayama asked Takemura for a full probe into the dubious business dealings, Chief Cabinet Secretary Kozo Igarashi told reporters.

In March, the Finance Ministry set up a discipline maintenance committee after the revelation of senior mandarins' cozy relationship with Tokyo Kyowa's Takahashi.

Former Tokyo customs house chief Hiroaki Taya was also reprimanded along with Nakajima.

Also, four senior officials, including then Vice Finance Minister Jiro Saito, received strict warnings over the issue, while Takemura himself returned 20 percent of a month's salary.

Takahashi, 49, was indicted on charges of granting illegal loans without sufficient collateral and damaging the Tokyo-based credit union.

Takahashi's Tokyo Kyowa Credit Association along with Anzen Credit Bank, strapped with huge bad loans worth more than 100 billion yen, were absorbed into a new bank named Tokyo Kyodu Bank, jointly set up by the Bank of Japan, Sumitomo Bank and the National Federation of Credit Cooperatives.

Nakajima, a Tokyo University graduate who joined the ministry in 1966, was promoted to deputy director general of the budget bureau in 1993 but assumed the current post of the head of the institute in June after his close relationship with Tokyo Kyowa's Takahashi was disclosed in March.

Dietman Alleged Giving Support

OW2607132195 Tokyo KYODO in English 1249 GMT 26 Jul 95

[FBIS Transcribed Text] Tokyo, July 26 KYODO — A House of Councillors legislator of the leading opposition Shinshinto (New Frontier Party) assisted scandal-tainted Tokyo Kyowa Credit Association with its deposit collecting business, informed sources said Wednesday [26 July].

The legislator is Hideaki Tamura, a former lieutenant general of the Air Self-Defense Force, they said. Tamura, being placed on 6th of the proportional representation list of Shinshinto, was reelected for his second six-year term in Sunday's upper house poll.

Tamura referred a management consultant close to indicted former Tokyo Kyowa President Harunori Takahashi to the senior Defense Agency official in charge of fund management of the agency's Mutual Aid Association, the sources said.

Tamura asked the senior agency official to meet with officials of the now defunct credit union and hear from them about deposits with the credit institution, according to the sources.

Tokyo Kyowa officials then talked with agency officials handling the association funds about interest rates and other conditions regarding deposits with the credit union, they said.

But the agency officials decided against depositing the association funds with the credit union according to the internal rules for the fund management.

The officials informed Tamura of their decision several days later, and the lawmaker accepted it without any complaint, they said.

"I only referred the consultant, one of my acquaintances, to the agency official in charge when he asked me to do so," said Tamura, denying any intention of pulling strings in the matter.

The Defense Agency's Mutual Aid Association has some 250,000 members.

Most of its funds are managed through the National Federation of Mutual Aid Associations for Central Government Employees according to rules set by the Finance Ministry, but the association manages part of its funds on its own.

"I often receive various requests through connections with politicians, but I remember (Tamura's) request well because a contact from a politician concerning the association funds is not so usual," said an agency official.

"We made the judgment according to our internal rules, and we felt no political pressure (from Tamura)," he said.

Earlier in July, prosecutors indicted Takahashi, 49, along with his close friend Shinsuke Suzuki, 47, former president of Anzen Credit Bank on charges of breach of legal trust in making illegal loans from the unions to companies with which they were related.

They also indicted Shirokichi Ito, a 61-year-old former executive of Anzen.

According to prosecutors, Takahashi was responsible for some 11.9 billion yen in illegal loans, and Suzuki and Ito were together responsible for some 27.9 billion yen in illegal loans.

In February, the two credit unions filed breach of trust complaints with prosecutors and police against Takahashi and Suzuki, accusing the two of granting huge amounts of illegal loans without sufficient collateral.

Both credit unions folded due to their huge bad debt burdens. The operations of Tokyo Kyowa and Anzen were taken over by Tokyo Kyodou Bank, which was established last January under a rescue plan for the two institutions.

Journal Features Discussion of Industrial IPR

Roundtable on Government Position

952A0508A Tokyo TSUSAN JANARU in Japanese Apr 95 pp 8-13

[Roundtable Discussion with Toshiaki Ikoma, president and director, Texas Instrument Tsukuba Research Center; Akio Kosai, president and director, Sumitomo Chemical Co.; Fumio Sato, president and director, Toshiba, by Akira Takashima, director general, Patent Office]

[FBIS Translated Text] **The Current Situation and Issues in Technical Development**

[Takashima] This year marks exactly the 110th anniversary since the creation of the industrial property rights system. One hundred ten years have elapsed since the first Patent Bureau chief, Korekiyo Takahashi, channeled his youthful zeal into creating patent regulations for promulgation on 18 April 1885. The development and dissemination of technology is fundamental to the development of a nation, and the industrial property rights system was brought into being to firm up that foundation and has been maintained up to the present day.

Japan's present aim is to be a nation organized on the basis of technological creation, but I think that an extremely critical point in heading into the 21st century will be how to best utilize intellectual resources, which should be called our nation's only natural resource, as well as how to protect the fruits of that resource. It is from that viewpoint that I would like to ask you to discuss how you will grapple with future technological development and, in that context, the way the industrial property rights system ought to be. First, beginning in order from President Sato, please tell us the current situation surrounding technical development and efforts at your respective companies.

[Sato] We are championing the basic strategy of the three g's: "global, growth, and group." And our thinking is that technological development is the force that will propel us to achieve qualitative growth through global expansion of business.

In order to advance technological development at Toshiba, we have taken on a research and development structure that is three tiered, with our home company research institute, the project group works laboratory, and the development sections of each project headquarters. The research and development that the home office research institute handles targets research that takes more than five years; the works laboratory research is confined to a three- to five-year range, and each project headquarters development division is assigned to short-range research of from one to three years. We believe that the most important thing in the future will be to move forward with development after finding development themes that look more than five years ahead in the future.

Also, we are expanding research institutes not only in Japan but overseas, as well with one facility in Princeton, New Jersey, in America, and the Toshiba Cambridge Research Center near London, England.

[Takashima] How about your company, President Kosai?

[Kosai] After the war, Japan's chemical industry introduced new technologies from the advanced industrialized nations of Europe and America and restarted in the position of having to catch up from behind. Currently, however, we have grown into an industry that is proud to rank second in the world next to America. Nowadays, we are selling products to Europe and America that are based on our new technologies in the fine chemical field and are also beginning to develop several new independent technologies in the field of petrochemicals.

Recently, the work place has been rationalized, and although the total number of employees is decreasing, the number of people belonging to the research institute, which is the so-called brain group, now comprises nearly 30 percent of the total. In terms of organization, since the year before last the former vertical organization has been reformed, and manufacturing, sales, and research have been integrated into the business division, and we have created a "market in" type of organization that can provide products that suit customer needs in a speedy manner through organic cooperation.

Separately from the research institute under the direct jurisdiction of the business division is a production engineering research center, an organic compound research institute; a safety research institute that includes medical, agricultural and other areas; a new raw materials research institute; and a life engineering research institute that have been established as research facilities under the direct supervision the main company. Thus, we are striving to perform work that is suited to the coming 21st century.

[Takashima] President Ikoma, in light of your university research, in what way do you view the current situation or problems with technical development in Japan as a whole?

[Ikoma] I believe that market and production structure have changed and that technology is at an extremely critical turning point. Up until about 10 years ago, there were a lot of sprouting technologies, such as those related to fibers, lasers, silicon, LSI [expansion unknown], etc., that would certainly bloom if cultivated. However, those flowers have pretty much all been harvested as of about five years ago. At present we are in an age of creating new markets by so-called technological fusion when elemental technologies that handle information have pretty much been manifested all at once, and research will involve how we combine them. It is nothing other than an age of creativity, and I think it is akin to the "age of rival warlords." We must discern which technologies should be used and how to use them. If this can be ascertained correctly, it will lead to tremendous market creation. It is in that sense that I think the de facto standard—that is, how to make our technology become the world standard—will become vital in addition to intellectual property rights [IPR]. Although I was a member of academia for 26 years, this point first became apparent to me after entering the corporate world.

Cultivation of Human Resources

[Takashima] Whether it is a giant corporation or a small or medium-sized company, the element that ultimately challenges and creates news things is its human resources. Cultivation of talented human resources is important; what do you consider to be some of the problems in the cultivation of human resources?

[Ikoma] I think that it is vital to foster a social ambiance that, simultaneous with the standpoint of cultivation of people to participate in research and development, economically rewards and morally respects and values those who participate in research and development. On that point, research and development is fundamentally highly valued in America, and there are tremendous economic rewards for people at the top of research and development. That is lacking in Japan.

[Sato] Although invention that paints a future vision of research and development and makes breakthroughs in technological problems is called concept invention, this is not possible unless the person has quite a high degree of creativity. In order to do this, a word of encouragement alone is ineffective; the sine qua non for this will be to forge an environment conducive to the cultivation of those types of people. I think that this will be our future task.

[Kosai] In the chemical industry, basic patents themselves, such as material patents, are its lifeblood. The very research, the very capital investment, the very business is determined by whether a patent can be obtained. Because of protection by those patents, we inevitably end up performing work that establishes new basic patents.

In a field that undergoes vigorous advancements, we desperately strive to catch up, but in trying to do so the important thing, after all, is cultivation of talented personnel. However, I suspect that there is a difference in the relationship between universities and firms in Japan and in the United States and Europe. Also, not only is there a problem with the nature of education, but there is also the phenomenon of young people losing interest in science and engineering. In this situation, I think it will be a major problem as to whether Japan will ultimately be able to do research.

[Takashima] On the matter of the connection between research and development and personnel, I have the impression that American firms are probably operating differently than the ordinary Japanese firm. President Ikoma, what are your thoughts regarding the spread of international human resource cultivation and utilization?

[Ikoma] As for the corporate side, not just in America, but both Toshiba and Sumitomo Chemical are performing global expansion, and most firms are establishing software research institutes in America. TI established a research and development center in Tsukuba three years ago. The idea is to do this anywhere in the world to meet needs.

In short, national boundaries for firms disappeared long ago. However, there are problems in certain countries, and the problem of how the 125 million Japanese will make a living in the future should be considered on yet another level. That is why if foreign-affiliated firms bring their operations to Japan it will be extremely positive for Japan. Employment will be created. Consequently, unless the problems of firms and nations are considered on a different dimension, my feeling is that future national policy cannot be carried out.

[Takashima] President Sato, if you have any thoughts about things you are expecting of these technology troops or new contrivances in this area that you are considering, please share them with us.

[Sato] What kinds of incentives to provide to workers is an extremely important issue, and because this question fundamentally is rooted in the current employment system and the wage system of Japan as a whole, it will not be possible to just do one thing. That is why there should probably be reform in order to propel things freely in that direction. Amid that kind of change, I think that it is likely that there will also be some revision in the bonus system with respect to patents. I suspect that we have entered an age in which that sort of thing generally needs to be aimed for in Japan.

International Expansion of Research and Development and Patent Strategies

[Sato] Japan, compared to globalization of the production sector, is behind in the expansion of the research and development sector overseas. In the future, we must achieve global expansion of research and development to make it catch up with globalization of the production sector. This was touched upon earlier, but although we have research institutes in America and England, our intention is to expand this a little more in the future. The reason for that, first of all, is that development expenses are lower overseas.

[Takashima] Including personnel expenses.

[Sato] Yes, even in America. That is one reason. And I think that to generate the aforementioned concept invention, a heterogeneous combination is necessary. This does not easily come about among a homogeneous people. That is why we send engineers from Japan overseas, hire some people locally and have them work together. This tends to yield some good patents.

Mr. Ikoma mentioned this, but in our industry ultimately one has to become the de facto standard. Otherwise there cannot be profits, as it were. Even with microprocessors, Intel became the de facto standard and enjoys total domination. In software, Microsoft is overwhelmingly strong. In the end, one must become a leader.

[Takashima] Regarding patent applications, when Americans and the English file an application for one patent domestically, they file two overseas. Even Germans and the French will file 1.5 applications overseas for every one domestically. In contrast, Japanese only file 0.2 applications for each one domestically. In the end, although Japanese issue the fruits of its technology in the form of patent applications, there are not many that they expand overseas, and the vast majority are only concluded domestically. However, these figures seem to indicate that in foreign countries there are many cases where rights for these fruits are acquired in other countries as well.

[Ikoma] The way of thinking about patents between Japanese and American researchers is extremely different. America is extremely selective. Everything is disclosed except for cases that will be truly lucrative. There is also an element of timing in patents. That is why just the really important ones are patented. Money is invested to try to control everything. I suspect that in Japan there are many patents whose submission overseas is abandoned because it takes too much money.

[Sato] We issue applications for just under 10,000 domestic patents annually. Among those, it is true that there are applications that are filed for defensive purposes out of fear of being taken by others.

[Kosai] Also, overseas, the quality of the market is different. It is as if to say the domestic market is sufficient and that if application is made here it is always defendable. Therefore, first of all they want to get it in Japan. I suspect that this represents the majority of thinking. Nevertheless, because we value foreign markets, the number of our applications overseas greatly exceeds the number of our domestic applications.

Assistance in Improvement of Patent Systems of Developing Nations

[Takashima] Technological development, as mentioned at the beginning, will become the critical factor in the degree of vitality Japan's economy will have, or, put another way, in the future this will continue to determine how Japanese industry will maintain and strengthen its international competitiveness. In that sense, Asia must not be forgotten when considering global expansion.

There are remarkable things in the overseas expansion in Asia of Japan's manufacturing industry. Investment in Asia in fiscal 1993 was at nearly the same level as America. It is a level that exceeds Europe by a large margin. In the first half of fiscal 1994, it has shown significant growth over the previous fiscal year of 53 percent. In particular, investment in China is expanding consistently.

Amid this state of affairs, what are some of the problems for firms related to technological issues?

[Sato] Amid performing aggressive investment in Asia, we are advancing technological transfer via such things as joint ventures, etc., but on those occasions, in order to perform technical transfer with peace of mind, I think it would be good for a system that can adequately protect patents in the partner nation to be prepared. I believe that there are numerous countries in which prevention of counterfeits of trademarks, etc., should be urgent business.

[Kosai] In the end, I think that this means that the truly important technologies cannot be shared in countries where the patent system is not in good order. That is why first of all, a patent system, an industrial property rights system, and an infrastructure related to that on the substantive and operational levels must be prepared. I think that it is Japan's obligation as an advanced industrial power in Asia to be generous in providing support and cooperation to that end.

[Ikoma] In the relationship with Asia, I think that we must be skillful in making connections with the whole society, including diplomacy, and not just research and development.

Also, because there are excellent human resources outside Asia in Russia and the eastern European sphere, it is a question of how to tie those areas in with the excellent human resources in Asia. This will be necessary particularly in the software and information industries.

[Takashima] My feeling is that having the brains on the Japanese Islands and the production sector in the nations of Asia is, in fact, not working. In that sense, because future Japanese overseas expansion will become more an overall form of expansion, it will be important to link it with world economic advancement. I think that Japan's history will be useful from the standpoint of the cultivation of new technologies and advancing technical introduction in Asia and eastern Europe. In that context, harmonization of the industrial property rights system, simultaneous with it being a stable critical basic system, will be important within the context of globalization trends.

Finally, please tell us of any requests you might have concerning industrial property rights as a whole.

[Sato] Although countries take possession of the fruits yielded by research commissioned for national projects or when original new technologies result from joint research with the country, I certainly would hope that consideration will be given to a system that would restore this to the rights of the firm to which the inventor belongs.

Also, when one investigates the time required from when my company has applied for historically promising patents until they are registered, one finds that more recent ones are requiring a considerably long time. We would definitely like to see the time from patent application to registration shortened.

[Kosai] Although I mentioned this earlier, basic patents decide the fate of firms in the chemical industry. Consequently, I hope that the high quality of patent examination will be maintained. Also, I definitely want to see the materialization of global harmonization. In addition, because the submarine patent issue remains, this is something that must really be done right.

Also, concerning leading edge technologies such as biotechnology, there is a lot of variation between nations in application and legal interpretation, so this is something that must be settled and disputes must be eliminated.

[Ikoma] Japan is in the process of changing from a technologically backward nation to a technologically advanced nation. Looking toward the future, there is a question as to whether the patent strategies of the past will really be positive for Japanese industry. I think that in moving to become technologically advanced, Japan's patent strategy will change. If that happens, more authentic concepts and innovative types of extremely broad patents will come into being. Accompanying that, a brain-labor manufacturing industry that sells patents will likely become Japan's road to survival.

[Takashima] Although this is a system with numerous internal and external tasks, I will keep on the alert in my work with regard to the system as well as its application. Thank you for your valued opinions.

Changes in Firms' Patent Strategies

952A0508B Tokyo TSUSAN JANARU in Japanese Apr 95 p 15

[Article by Hajime Mitarai, president and director, Canon]

[FBIS Translated Text] With the coming into being of the GATT-TRIPS [Trade-Related Aspects of Intellectual Property] agreement, the start of the World Trade Organization, and reform of domestic patent law, etc., due to the Japan-U.S. patent agreement among other things, global harmonization of the legal system surrounding intellectual property has advanced, and a superior base in globalizing firms has been created. I would like to express my great respect for the assistance of those involved.

The patent strategies of firms are part of the same body as technical and business strategy, and naturally they must be carried out in accord with technical development and business expansion. In the future as well, Japanese firms will channel their energies even more into research and development of basic technologies and will find themselves in a position where they must strive to develop technologies with originality. The technologies handled, as the reader is well aware, are compounded, systemized, digitized, and the importance of software related technologies is also becoming ever greater.

Accompanying these types of technological developments, a major current from a business standpoint is a turning away from individual product projects to move to system and multimedia projects. Meanwhile, the trend toward standardization is gaining intensity, and the tendency toward further expansion of refinement of the information and communication infrastructure will deepen.

With original technology as the base, there will be greater opportunities for entry and growth not just for major corporations but for venture firms. Also, because compound technological elements will become more numerous, business alliances between firms will also rise. Meanwhile, I believe that expansion into the nations of Asia will also be accelerated.

The recent global harmonization of the legal system will go hand in hand with business activities in response to these trends, so it will prove very useful in the patent strategies of firms. Consequently, it will be increasingly important in the patent management of firms, making ample use of today's legal system, to create a management system that corresponds with the changing corporate environment and to engage in activities that are consistent with business operations.

Still, amid new technical outcomes generated by technological development and amid compound technologies in this age of multimedia and the information superhighway, it is thought that legal protection will not necessarily be adequate. Therefore, with regard to its protection and application, naturally the application of the recent intellectual property related legal system itself will become vital in terms of protection and application from the contractual standpoint.

Also, as a future issue, it is hoped that systemic and environmental expansion to make it possible for venture firms and individuals to turn toward technical development and grapple with their projects with a greater degree of enthusiasm will occur. Further, from the standpoint of global business activities, it is hoped that global harmonization will advance as it relates to application of rights and handling from the judicial standpoint and not just be confined to harmonization of the legal system concerning intellectual property. For firms, management of intellectual property will be directly connected to firm management, and we recognize that greater efforts will have to be made.

Opinion Poll: Majority Want New Prime Minister

OW2707142395 Tokyo ASAHI SHIMBUN in Japanese 26 Jul 95 Morning Edition p 1

[FBIS Translated Text] ASAHI SHIMBUN held a public-opinion poll by telephone 24-25 July based on the House of Councillors election results. According to the poll, with regard to Prime Minister Tomiichi Murayama's continuing to stay in his post, 32 percent of the respondents "want him to stay" but 52 percent believe that "it is better to elect another person." This indicates that a majority of the respondents do not approve of Murayama.

Also, with regard to the record-low turnout of voters in an national election, 66 percent of the respondents think that "it is a grave situation for Japanese politics." With regard to lower house dissolution and holding a general election, opinions are split into two. While 43 percent of the respondents want to hold the election "as soon as possible," 45 percent think that "there is no need to rush."

Among those who support the Social Democratic Party of Japan [SDPJ], 68 percent support Murayama's staying in position. However, 73 percent of the respondents who support the New Frontier Party and 51 percent of the respondents who support the Liberal Democratic Party [LDP] want to "change" the prime minister.

As to the coalition administration of the LDP, SDPJ, and Sakigake [Harbinger Party], 28 percent of the respondents want to "keep the coalition administration," and 53 percent indicate a negative attitude about retaining the administration.

According to a nationwide poll through interviews conducted by ASAHI SHIMBUN before the official declaration of candidacy for the upper house election toward the end of June, 26 percent of the respondents wanted to dissolve the lower house and hold a general election; and a large majority, 64 percent, thought that "there was no need to rush."

Impact of Coalition's Setback on Diplomatic Tasks

OW2707141995 Tokyo TOKYO SHIMBUN in Japanese 25 Jul 95 Morning Edition p 3

[FBIS Translated Text] The coalition parties' setback in the upper house elections weakened the Murayama administration's foundation, which is likely to affect the government's capability to handle diplomatic tasks —

such as overseas visits by Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono, normalization negotiations with the DPRK (North Korea), and preparation for the Asia-Pacific Economic Cooperation (APEC) forum in Osaka.

The prime minister is expected to attend the UN General Assembly [UNGA] session (in New York) in late October to mark the UN's 50th anniversary. However, there is absolutely no other plan for him to travel overseas. While there was a rumor of a Middle East visit in September, Deputy Foreign Minister Kunihiko Saito said in the 24 July news conference that "there is no such plan."

The foreign minister also has only one overseas trip planned — a Brunei visit on 30 July for the ASEAN regional forum (ARF) and the post-ministerial conference (PMC). It is still uncertain if he can leave the nation for the Japan-Australia ministerial talks in late August and the UNGA's 50th ordinary session in late September. These would become very short trips even if they come about.

The resumption of Japan-DPRK normalization talks is also still uncertain because Pyongyang has not responded to the government's proposal for early talks. Some speculators believe North Korea is watching the outcome of the Liberal Democratic Party's presidential election scheduled for late September. If this is true, the Murayama administration has no persuasive power over North Korea.

The Murayama administration's greatest diplomatic task for the last half of this year is to host the APEC ministerial talks and informal summit in Osaka beginning 16 November. Also, U.S. President Bill Clinton will visit Japan following the APEC conference.

APEC is going to adopt an action plan to liberalize intraregional trade and investments by 2010, and, as the chairman nation for 1995, Japan is expected to play mediatory roles in adjusting discord between advanced and developing nations. However, it is uncertain if Japan really can take the initiative as all APEC members are aware that the Japanese Government has been weakened after the election.

In view of the next lower house election, Sakigake [Harbinger] is trying to intensify its own influence on the coalition government. This may affect the coalition's decisionmaking process concerning such issues as Japan's permanent membership in the UN Security Council and the dispatch of Self-Defense Forces to UN operations on the Golan Heights.

Extraordinary Diet Session Set for 4 Aug

OW2807053695 Tokyo KYODO in English
0501 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Deputy Chief Cabinet Secretary Hiroyuki Sonoda made a formal announcement Friday [28 July] that the cabinet of Prime Minister Tomiichi Murayama will decide in a meeting Monday to convene an extraordinary Diet session Aug. 4.

Sonoda made the announcement at an agenda-setting meeting of the House of Representatives steering committee.

In the meeting, the main opposition Shinshinto (New Frontier Party) did not oppose the date for starting the Diet session but requested that Murayama give his policy speech at the outset and that it be followed by questioning sessions and by sessions of the budget committees of both houses.

The three-party ruling coalition, however, is not planning to have Murayama give a key policy speech.

The ruling and opposition camps agreed to hold the next agenda- setting meeting Tuesday next week.

The ruling coalition of Murayama's Social Democratic Party, the Liberal Democratic Party and New Party Sakigake also presented a draft Diet resolution on opposing nuclear tests.

The opposition parties agreed to vote for the resolution in a plenary session Aug. 4 on condition that the ruling and opposition camps agree on a period for the Diet session.

Dispute Over Cabinet Reshuffle Discussed

OW2807141995 Tokyo KYODO in English
1354 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Wrangling over a cabinet reshuffle, involving a power struggle in the Liberal Democratic Party (LDP) over the future of the party's leadership, is spreading within the tripartite ruling coalition.

Foreign minister and LDP president Yohei Kono fired the latest salvo over a cabinet shake-up Friday, shrugging off a call from his opponents within the LDP to postpone a cabinet reshuffle until after the party's presidential race in September.

"The leaders of the three (coalition) parties have agreed on a cabinet reshuffle. The situation is not such that we can speak for our own convenience," Kono said when asked at a press conference for comment on the cabinet shake-up.

"It's too early to discuss the (LDP) presidential race," he added.

Kono, looking to maintain his LDP presidency, hopes to see an early cabinet shake-up that would put his possible rivals within the cabinet to forestall any attempt to challenge him in the presidential poll, party sources said.

But a group of LDP members not loyal to Kono is stepping up efforts to prevent him from being reelected as party leader, as his two-year term expires at the end of September, they said.

The anti-Kono group, led by Seiroku Kajiyama, a former party secretary general, and Keizo Obuchi, the incumbent party vice president, opposes a cabinet reshuffle before the party presidential election, demanding it be carried out after that, such as in late September or October, they said.

The group, fearful that a cabinet shake-up before the presidential race could be a de facto confidence vote for Kono's leadership, is attempting to field International Trade and Industry Minister Ryutaro Hashimoto as a candidate in the LDP presidential election.

Some senior officials of Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan, SDPJ] are floating an idea of carrying out a cabinet reshuffle before the LDP presidential race as a way to prevent the framework of the tripartite coalition from being shaken by the LDP's internal power struggle.

"If the trouble in the LDP continues, a cabinet reshuffle should be done even Aug. 4," when the Diet is slated to open an extraordinary session, a senior SDPJ official said.

Murayama, who legally has the final say in any cabinet change, and Kono himself have been tightlipped on how and when to implement a cabinet shake-up.

But sources close to Murayama and Kono suggest the coming reshuffle may affect all cabinet posts, although it would keep within the cabinet Kono and Finance Minister Masayoshi Takemura, head of New Party Sakigake [Harbinger], the smallest pillar of the coalition.

They said Murayama hopes that SDPJ Secretary General Wataru Ckubo will assume a cabinet post.

Keizai Doyukai To Call for General Elections

OW2807141895 Tokyo KYODO in English
1217 GMT 28 Jul 95

[FBIS Transcribed Text] Karuizawa, Japan, July 28 KYODO — A business group wrapped up discussions at an annual summer seminar here Friday with an agreement to issue a call for general elections for the House of Representatives by the end of this year, organizers said.

Officials of the Japan Association of Corporate Executives (Keizai Doyukai) said most attendants expressed the view that the setback by the ruling coalition in the House of Councillors election Sunday proved the people's distrust in the coalition led by Prime Minister Tomiichi Murayama, head of the Social Democratic Party [of Japan].

They said the association's poll showed that an overwhelming majority of its members demanded an early election for the House of Representatives, the lower house.

The officials said association members were displeased with the economic policies of the Murayama government.

Jiro Ushio, chairman of the association, demanded that Murayama be replaced by a member of the Liberal Democratic Party, the largest of three ruling parties, they said.

The association opened a three-day seminar Thursday at this summer resort north of Tokyo. The session will come to a close Saturday.

Hiroshi Hamada, president of Ricoh Co., called for a package of medium-range pump-priming measures while Kensuke Koga, chairman and president of Nisshin Steel Co., expressed concern about a downturn of the domestic economy, the officials said.

Other participants called for a review of Japan's traditional long-term employment system and wage standards, they said.

Takemura Criticized for French Goods Boycott

OW2707015295 Tokyo SANKEI SHIMBUN
in Japanese 25 Jul 95 Morning Edition p 2

[FBIS Translated Text] Liberal Democratic Party President Yohei Kono criticized Sakigake [Harbinger] chief Masayoshi Takemura's call for a boycott of French products over France's decision to resume nuclear testing.

At the summit of the three ruling parties held at the Prime Minister's Office on 24 July, Kono, concurrently deputy prime minister and foreign minister, touched on the remark by Takemura, the finance minister. Kono said: "It is undesirable that an influential member of the cabinet suggests boycotting the products of specific nations."

Shinshinto To Propose Taxation Review in Diet

OW2507133595 Tokyo KYODO in English 1246 GMT 25 Jul 95

[FBIS Transcribed Text] Tokyo, July 25 KYODO — The main opposition party, Shinshinto (the New Frontier Party), decided Tuesday [25 July] to propose taxation revisions to spur the economy during an extraordinary session of the Diet, probably in August.

The party will propose abolition of taxation on securities trading and on companies' buybacks of their own shares. It will also propose easing of taxation for capital gains in real estate transfers, party officials said.

For instance, under the proposal the current tax rate of 32.5 percent for a capital gain of 40 million yen or below in the transfer real estate will be reduced to 26 percent.

Implementation of the proposed taxation will be limited to three years, during which time Japan's economy is expected to recover, they said.

Kansei Nakano, head of the party's Policy Affairs Committee, said in a press conference, "The extraordinary session should focus on the debate of economic measures for one or two months."

His remark is in apparent opposition to opinions among the three coalition parties led by Prime Minister Tomiichi Murayama that the session should be limited to four or five days.

Igarashi Favors Curbing Defense Spending

OW2807091995 Tokyo KYODO in English 0821 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Growth in Japan's defense spending for fiscal 1996 should be curbed as far as possible in line with the trend toward global disarmament, a government spokesman said Friday.

"On the question of how to handle defense outlays, I believe it is important to make efforts to contain its growth and cut back expenditure on war games as far as possible," chief Cabinet Secretary Kozo Igarashi told a news conference.

Igarashi's remark can be taken as a signal that he thinks the pace of growth in defense spending for fiscal 1996, starting April 1 next year, should be kept below 0.855 percent for the current year, as proposed by Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan, SDPJ].

The SDPJ's main coalition partner, the Liberal Democratic Party (LDP) headed by Foreign Minister Yohei Kono, has insisted on a 4.1 percent increase, as put forward by the Defense Agency.

The squabbling between the two parties over military expenditure has been intensifying as the governing coalition will fix budgetary requests for defense spending Aug. 4.

The coalition, which also includes New Party Sakigake [Harbinger] led by Finance Minister Masayoshi Takemura, agreed last year to keep the growth of defense spending down to 0.855 percent for fiscal 1995 after bickering between the conservative LDP and the socialist SDP.

Hashimoto on Research, Quake Budgeting

OW2807045295 Tokyo KYODO in English 0352 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — The government agreed Friday [28 July] on special budgetary treatment of research and development and earthquake spending, Trade Minister Ryutaro Hashimoto said.

The Ministry of International Trade and Industry (MITI) chief said fellow cabinet ministers, eventually including Finance Minister Masayoshi Takemura, agreed at a morning meeting with a call he and some ministers made earlier in the week for "special consideration" on technology development.

They also agreed for special budget measures for rebuilding from January's massive earthquake in western Japan, Hashimoto told a regular news conference.

Takemura, who had originally opposed special budget rules for the categories, sat quietly through the discussion, but came on board at the end of the meeting, he said.

Hashimoto also said he wants the budget ceiling system reviewed, questioning the appropriateness of 10 percent cuts across the board, but said he did not win agreement on the call.

Hashimoto also confirmed that if he gets Diet approval, he will travel Aug. 2-5 to Indonesia and the Philippines to brief their presidents on Japan's plans, as host, for this year's summit of Asia-Pacific Economic Cooperation (APEC) forum nations.

He needs Diet approval as an extraordinary session is to convene Aug. 4. Japan wants to explain its stance on fleshing out at November's Osaka summit a commitment to regional free trade, adopted at last year's APEC summit in Indonesia. The Philippines is next year's summit host.

Hashimoto dodged a question on reports that he wants to quit the cabinet in a coming reshuffle to challenge Foreign Minister Yohei Kono as head of the Liberal Democratic Party, saying only that he wants to do his job every day "as long as my term lasts."

On revelations that a key Finance Ministry-linked official had moonlighted for a figure tied to recent financial scandal, Hashimoto said that if news reports are true, Yoshio Nakajima's conduct was "disgraceful."

Ministry officials said Nakajima was removed Friday as head of an affiliated fiscal and monetary policy institution for signing a health-drink importing contract with a 50-year-old consultant linked to Harunori Takahashi, who has been charged with breach of trust in the collapse of Tokyo Kyowa Credit Bank, which Takahashi headed.

Nakajima was earlier put in the institution after being sacked as deputy director general of the ministry's budget bureau for his close ties to takahashi. Nakajima told KYODO NEWS SERVICE his moonlighting was "careless" but that the contract had been canceled and no money paid.

Shinozawa Rejects Special Budget Allocation

OW2707112095 Tokyo KYODO in English
1102 GMT 27 Jul 95

[FBIS Transcribed Text] Tokyo, July 27 KYODO — Vice Finance Minister Kyosuke Shinozawa on Thursday [27 July] repeatedly rejected the idea of securing special allocations, except in priority public works areas, in setting a fiscal 1996 budget ceiling for each ministry and agency.

Setting special allocations is not consistent with the concept of a budget ceiling, Shinozawa told a news conference.

He said each government ministry should make its budgetary requests for next year in line with severe financial conditions, such as "huge gaps between revenues and expenditures."

However, Shinozawa said the ministry will continue ensuring special allocations for priority public works spending as was done for the current fiscal year.

Shinozawa also said he does not know of any government move to revise downward its original economic growth target of 2.8 percent for the current fiscal year.

The Economic Planning Agency (EPA) chief recently indicated the possibility of a downward revision if the economic trend worsens.

The government's forecast should not be frequently revised to reflect daily fluctuations, Shinozawa said.

Takemura Offers To Step Down as Sakigake Head

OW2807111495 Tokyo KYODO in English
0933 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Finance Minister Masayoshi Takemura has offered to resign as chief of New Party Sakigake [Harbinger], the smallest of the three parties making up the ruling coalition, a senior Sakigake official said Friday.

Senior officials of Sakigake are discussing whether to accept the resignation tendered by Takemura during his meeting with acting Sakigake chief Shusei Tanaka on Thursday, the official said.

Senior Officials Reject Resignation

OW2807112695 Tokyo KYODO in English
1037 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Senior officials of New Party Sakigake [Harbinger], the smallest in the tripartite ruling coalition, agreed Friday to urge Finance Minister Masayoshi Takemura to remain chief of the party, a senior Sakigake official said.

"Our conclusion is to persuade him to stay," Sakigake legislator Naoto Kan told reporters after senior party officials held a 90-minute meeting on whether to accept the resignation tendered by Takemura on Thursday.

Sakigake was formed in June 1993 when Takemura led a small group of liberal rebels out of the Liberal Democratic Party, the largest group in the coalition.

Takemura has been under pressure from pro-reform party members to exit the ruling coalition following its setback in Sunday's House of Councillors election.

On Thursday, Takemura told Prime Minister Tomiichi Murayama that Sakigake will remain in the coalition if Murayama sticks to reformist policies.

Takemura Urged To Win Back Trust

OW2807114295 Tokyo KYODO in English
0911 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Finance Minister Masayoshi Takemura should not resign over a senior ministry official's alleged business contract with a management consultant linked to the recent credit union scandal, a government spokesman said Friday.

Chief Cabinet Secretary Kozo Igarashi said at a news conference that Yoshio Nakajima, who quit the ministry Friday, made the dubious contract in February 1994

— four months before Takemura took up the finance ministerial portfolio.

Takemura should rather take the initiative in getting to the heart of the Nakajima affair and win back public trust in the ministry, Igarashi said.

On Friday morning, the 53-year-old Nakajima was removed from the top post at the ministry's Institute of Fiscal and Monetary Policy. He later submitted a letter of resignation to take responsibility for the affair.

The government official act prohibits public employees from engaging in profit-taking corporate management and moonlighting.

Ryutaro Hashimoto Remains Boss of Welfare Zoku

952B0181A Tokyo SEIKAI ORAI in Japanese Jun 95 pp 68-69

[Unattributed article: "Section on Ministry of Health and Welfare, Sixth Frontline Report on Competition for Interests Between Government and Opposition Parties"]

[FBIS Translated Text] **Ryutaro Hashimoto Is the Boss of the Welfare Zoku** [a group of Diet members who exercise policymaking expertise in a particular field acquired through service in the appropriate party policy deliberation committee]

In Japan, which has developed into an advanced welfare state, there are many interests related to the powers of the Ministry of Health and Welfare. They are what is called "welfare interests."

They have spread from medical treatment to health, drugs, welfare, nursing care for the elderly and child care, and on to all such fields as old-age pensions, water service and disposal of medical waste.

As to the industries to which the Ministry of Health and Welfare is related, in connection with medical treatment one can cite, first of all, what are popularly called the "three doctors' associations," the Japan Medical Association, the Japan Dental Association, and the Japan Pharmaceutical Association. Furthermore, the Japan Hospital Association and other hospital-related organizations have approximately 10,000 hospitals throughout Japan. Linked with these are such main-force industries of the medical treatment and health fields as the pharmaceutical industry and medical-services-related industries, including such things as medical apparatuses, linen, and hospital food. As is natural, such medical facilities as hospitals stand on land, so the real estate industry and construction industry are involved. In addition, from the side of the life and death of hospital managers and medical-related employees, such things as the life insurance industry are included. Medical-related businesses are very promising growth fields which have developed led by the Ministry of Health and Welfare.

While these industries are subjected to guidance and direction by the authority possessed by the Ministry of Health and Welfare, on the other hand, their respective vested interests and profits are being kindly protected.

In the case of such persons as doctors, dentists, and pharmacists, only persons who have obtained national qualification by passing strict tests can engage in these businesses. The Japan Medical Association, Japan Dental Association, and Japan Pharmaceutical Association are, so to speak, guild societies.

All of these industry associations possess political confederations. They are continuing to function as "pressure groups," appealing to politicians in an effort to receive favorable and preferential teatment in the aspects of the price of medicine and compensation for examinations and treatment.

All of them are industry organizations which possess nationwide networks, and which not only operate as vote-gathering machines in elections, but unstintingly provide political funds to politicians who work for the industries' benefit.

For example, the Japan Medical Association has placed upper house members Hideki Miyazaki and Hoei Ohama (proportional representation: Liberal Democratic Party [LDP]) in the central government as industry representatives. Upper house member Hideki Miyazaki is a doctor from Aichi Prefecture, and Hoei Ohama has served as chairman of the Kyushu Medical Association Alliance.

The Japan Dental Association has sent upper house member Yamato Kogure to the Diet from the Liberal Democratic Party. He is known for having developed, around 1981, a new type of denture which is manufactured by high-temperature processing of polysulfone resin. The polysulfone resin denture was used as a defensive measure in order to prevent the incorporation into medical insurance of gold dentures, which were removed from insurance diagnosis and treatment and had become a cash cow for dentists. This new denture was incorporated into medical insurance in place of the gold dentures.

At that time there were circumstances in which former LDP Health and Welfare Minister Tatsuo Ozawa (currently a member of the New Frontier Party) demonstrated political power. After serving as a division chief in the Ministry of Health and Welfare, Ozawa was elected to the lower house, and since then has had influence in the Ministry of Health and Welfare, and has been very active as boss of the welfare zoku. Dentists throughout Japan who belong to the Japan Dental Association are indebted to former Health and Welfare Minister Tatsuo Ozawa and upper house member Yamato Kogure.

Upper house members Hideki Miyazaki and Hoei Ohama of the Japan Medical Association and upper house member Yamato Kogure of the Japan Dental Association must all do their best as industry representatives in the situation of requesting an increase in compensation for diagnosis and treatment.

The Japan Pharmaceutical Association placed upper house member Michiko Ishii in the central government, and are giving her the mission of resisting the lowering of drug prices.

In the pharmaceutical industry, the drugmakers Takeda Chemical Industries, Ltd., Sankyo Seiyaku and Taisho Pharmaceutical Company, Ltd are putting efforts into rapid progress in development of new drugs. Drugs must undergo the Ministry of Health and Welfare's strict approval process before they appear as new drugs. Drugmakers wish to obtain approval and place the new drug on the market as quickly as possible. The ones who can back them up and hasten approval are politicians who are well versed in drug administration. Activity funds for that purpose are contributed to politicians' political fund organizations from drug manufacturers and pharmaceutical industry organizations. To politicians it is one of the "enjoyable jobs" which is rewarding to do.

However, this does not mean that anyone at all can exercise political power by uniting with the authority of the Ministry of Health and Welfare if they are members of the upper or lower house. Moreover, it is also not so simple that one will surely reach the point of being able to possess that kind of political power if one has experience as minister for health and welfare.

Important politicians who have gotten a firm grip on the Ministry of Health and Welfare have managed to exercise great authority. From the latter half of the 1970's into the latter half of the 1980's former Health and Welfare Ministers Kunikichi Saito, Tatsuo Ozawa and Ryutaro Hashimoto were called "the three branch families of the welfare zoku [an analogy with the three branch families of the Tokugawa clan]." They even got a firm grip on labor policy, not to mention health and welfare policy. The "three branch families of the welfare zoku" decided on increasing compensation for examinations and treatment and lowering the price of drugs. They held that vast a power.

Former Health and Welfare Minister Kunikichi Saito departed this world, and former Health and Welfare Minister Tatsuo Ozawa left the LDP and is now in the New Frontier Party, so he is in the position of an opposition party.

Welfare zoku Diet members are LDP Diet members led by one who has served as minister for health and welfare. They are small in number, but hold great power with the Ministry of Health and Welfare as their base.

Until immediately before the LDP was separated from governing power for the first time in 38 years, a "practical business faction" had been gaining power among the LDP's young Diet members who were involved in medical and welfare administration. Within that, the rise of upper and lower house members who had been health and welfare bureaucrats, and who would become the welfare zoku of the future, had begun to be conspicuous.

Ryutaro Hashimoto began to stand at the peak of the welfare zoku Diet members, as though overseeing those Diet members.

The Relationship of Ryutaro Hashimoto and Ouchi

But this International Trade and Industry Minister Ryutaro Hashimoto, too, was greatly shocked when the LDP was defeated in the general election of 18 July 1993, and became an opposition party. Because though he had assumed the position of chairman of the Policy Affairs Research Council [PARC], the person in the LDP with supreme responsibility for policy, even the Ministry of Health and Welfare, with whom he had built a deep relationship, began to distance itself from him.

Every action of the Hosokawa coalition cabinet's Health and Welfare Minister Keigo Ouchi bothered him terribly. It appeared as though he feared the lowering of his influence with the Ministry of Health and Welfare, which he had built up over the course of two generations since the time of his father Ryugo (former minister of health and welfare), by Health and Welfare Minister Ouchi, who has a thorough knowledge of welfare policy and was also chairman of the Japan Democratic Socialist Party [DSP].

PARC Chairman Hashimoto was nervously paying attention to the statements of Health and Welfare Minister Keigo Ouchi.

At a meeting of the Lower House Committee on the Budget on 4 October 1993, in response to a question which lower house member Kansei Nakano of the DSP asked concerning the problem of the burden of social security, Health and Welfare Minister Ouchi answered: "Up till now as well, all sorts of outlooks concerning the future and so on have also been announced under LDP governments, and I think they were given a direction of their own, but after all, a greater- than-expected aging, low-mortality society has begun to advance, so partly in the sense of extablishing a consensus at this point by having the people of the nation consider these problems, I would like, at an early date, to begin informal meetings on the welfare outlook for an aging society, and to make clear ideas concerning their overall form as soon as possible." In regard to this, Hashimoto was saying: "It appears that Keigo Ouchi, the Hosokawa government's health and welfare minister, is saying all sorts of things in a very light-hearted manner: I am watching the coalition government with sardonic interest as to when he will become aware of its seriousness. It is a problem which has begun to surface while debating a 10-year health and welfare strategy for the aged." It is now no longer the stage for studying the outlook. Rather we are at the stage in which concretely securing such manpower as home helpers, so that there will be no lack of home nursing care, has become an actual, urgent task. In the eyes of PARC Chairman Hashimoto, even Health and Welfare Minister Ouchi, who is a chairman of the DSP and is well versed in welfare policy, looked very much like an amateur minister. It appears that, all the more so because there was nothing he could do in the position of opposition party, PARC Chairman Hashimoto had the idea that "it would be unendurable for the Ministry of Health and Welfare to be thrown into confusion." Even so, seeing that the inside of the government no longer functioned smoothly because Chief Cabinet Secretary Masayoshi Takemura and others reacted against the fact that Shinseito Secretary General Ichiro Ozawa, who was in the position of a government party, was exercising strong leadership in the Hosokawa government, PARC Chairman Hashimoto came to do his utmost to refrain from criticism of Health and Welfare Minister Ouchi. PARC Chairman Hashimoto began moves to separate the DSP from the Hosokawa government and grope for a linking of the DSP with the LDP. His close associates also noticed this, and around that time were leaking to friendly members of the press: "The chairman of the Policy Affairs Research Council has begun to worry about Health and Welfare Minister Ouchi, and is watching him with a cautious attitude. Now is an important time."

When Ichiro Ozawa and others who had revolved to opposition parties established the New Frontier Party in December 1994, most of the DSP Diet members joined it. But Ouchi did not participate in this. It appears that there was also an aspect of approaches by Ryutoro Hashimoto and his associates having succeeded.

Shoichi Ide of New Party Sakigake, who has been elected only three times, assumed the post of minister for health and welfare in the Murayama coalition government. Shoichi Ide is the eldest son of former Chief Cabinet Secretary Ichitaro Ide who was a close associate of former Prime Minister Takeo Miki.

He does not have enough real ability to meddle with the health and welfare interests which Ryutaro Hashimoto controls. It looks as though the boss of the health and welfare zoku, Ryutaro Hashimoto, is now secure.

Reform Committee's Deregulation List Reviewed

OW2707092995 Tokyo KYODO in English 0914 GMT 27 Jul 95

[FBIS Transcribed Text] Tokyo, July 27 KYODO — A panel monitoring government streamlining efforts released Thursday [27 Thursday] a list of 40 items to be studied for the promotion of administrative reform.

The list, prepared by the Deregulation Subcommittee of the Administrative Reform Committee, referred to views for and against deregulation of the 40 items in 11 areas such as land and housing, distribution, and finance and insurance.

Views favoring deregulation were voiced by subcommittee members and related industry representatives, while opposing views of such deregulation were expressed by government officials.

As for the compulsory automobile inspection system, supporters of deregulation said the initial inspection should apply to cars which are five years old or have run a cumulative distance of 50,000 kilometers, whichever comes first.

But government officials called for a continuation of the existing tougher inspection system, saying that cars must be properly maintained.

The officials also said that the large-scale retail store law is necessary to protect smaller retailers and jobs. But deregulation supporters say that abolition of the law is indispensable for the promotion of consumer interests.

Most of the 40 items were included in a deregulation program adopted by the cabinet of Prime Minister Tomiichi Murayama in late March. But the list includes some 10 items newly picked by the subcommittee for the study, including the sale of certain pharmaceutical products at convenience stores.

The subcommittee will resume hearings on the 40 items in September to prepare a final report in November. Based on the report, the administrative reform committee will present its recommendations for deregulation to the prime minister at the end of this year.

Following Thursday's release of the list, Shoichiro Toyoda, head of the Federation of Economic Organizations

(Keidanren), said no delay of deregulation should be permitted in order to promote structural changes in the Japanese economy.

The government should upgrade its deregulation program based on the principle of "no economic regulations and minimum necessary social regulations," he added.

Editorial Urges Tokyo To Promote Deregulation

OW2607235695 Tokyo YOMIURI SHIMBUN in Japanese 19 Jul 95 Morning Edition p 3

[Editorial: "Things Needed for Promotion of Deregulation"]

[FBIS Translated Text] The government's administrative reform council is making a full-fledged inspection and review of a deregulation promotion plan, which was approved by the cabinet this spring.

The aim of deregulation is to improve quality of the people's livelihood by creating, in preparation for the 21st century which is near at hand, an economic society — which works on the principle of self-responsibility and market principles and is full of vitality and open to the world — through such measures as expanding domestic demand and creating more opportunities for foreign companies to make inroads into Japanese markets.

Due to the recent announcement of measures to deal with the economy and the rapid appreciation of the yen, a period for implementation of the promotion plan was shortened from five to three years. It was also confirmed that a review of and revision to the plan will be made each fiscal year on the basis of observations and proposals made by the administrative reform council, composed of intellectuals from the private sector.

Some government regulations, such as the one for securing safety, are useful for society. We do not mean to say that we should get rid of all the government regulations. However, there are many regulations we should ease expeditiously to settle the urgent tasks — including recovery from economic stagnation and revision of the trade imbalance, which is the root cause of the strong yen.

We hope that on the basis of such a viewpoint, the administrative reform council will keep watch on and examine actual implementation of deregulation measures and energetically review the deregulation plan.

According to a white paper on deregulation, which the Management and Coordination Agency [MCA] prepared for the first time, the number of people who subscribed to mobile and car phone service doubled, exceeding 4 million, in a one-year period from last year to the end of March this year, thanks to the series of recent deregulation measures.

The number of large-scale retail stores, which were newly constructed as of the end fiscal 1994, also doubled in six years. There are active movements in many places across the nation to brew beer locally, and 20 brewery licenses have been issued in one year.

However, the impact of deregulation is still limited to specific areas. More bold measures are needed to expand the effect of deregulation to the entire Japanese economy.

When the promotion plan was being mapped out, private sectors, including financial circles, strongly called for implementation of deregulation measures. Nevertheless, concerned ministries, agencies, and industrial circles opposed it. Notably, the government ministries and agency refused to implement and examine many deregulation measures, saying that they are "difficult measures."

The regulation measures, which the government ministries and agencies rejected, included many items — such as regulations on support price systems for rice, wheat, dairy goods, and other agricultural products, and on starting a new first-class telecommunications project — which should have been studied for the activation of the economy.

What we are concerned about is the fact that the white paper failed to give concrete explanations regarding the contents of the deregulation measures, which have been branded as "difficult measures," and reasons for the rejection.

Among other things, the MCA said that they "could not include all the measures in the white paper because there are so many of them," and that they "hesitated to explain the reasons because it would sound like government excuses." However, it is deniable that ministries and agencies, who have de facto power over individual regulations, were negative about studying the deregulation measures.

As if it were making up for its "deficiency," the white paper strongly expects the administrative reform council to "act as eyes and voice of the people and take up the tasks, which are of high interest to the majority of the people, first." The white paper also stresses that "we cannot promote deregulation without cooperation and support from the people."

The administrative reform council's positive activities and people's cooperation are indispensable to the promotion of deregulation. However, the important thing is the stance of concerned ministries and agencies, who put deregulation plans into practice. For the future of Japanese economy and people's livelihood, we ask the concerned ministries and agencies to assume a positive stand without trying to secure their own authority or the immediate profit of concerned industries.

Improvements in Himawari-5 Satellite Discussed

952A0507A Tokyo NIKKEI BUSINESS in Japanese 10 Apr 95 pp 52-55

[Article by Hyo Nishioka]

[FBIS Translated Text] **After Four Delays, and a One-Year Wait**

"At last, I have been able to relax a little." Nadaaki Hamada, chief of the Meteorological Agency's Weather Satellite Office, heaved a big sigh of relief. The fifth-generation stationary-orbit weather satellite had lifted off without incident on March 18, under the name Himawari-5. It was a launch that had been delayed four times, and the satellite had been waiting a year in a clean room at Tanegashima. The currently operating Himawari-4 had already exceeded its designed working life by six months, and will in the near future run out of fuel, making orbital corrections impossibie. Should positioning adjustments become impossible and the satellite drift out of orbit, then those familiar cloud images will begin to lose focus and forecasting will be hindered. Since the next satellite was not in a position of immediate readiness, this launch simply could not be allowed to end in failure.

If all goes well, Himawari-5 will in mid-June be positioned over the equator at 140 degrees East longitude. At a height of about 36,000 kilometers, it will receive the baton from Himawari-4, and commence continuous surveillance of one-quarter of the globe.

Like Himawari-4, Himawari-5 is a satellite designed to spin its main body at 100 revolutions per minute. Based on the same principle that allows a spinning top to maintain its axis of spin, this method allows the satellite to maintain a stable position. The two types of sensors — one in visual light and one in infrared — that are mounted on the satellite spin along with it, using each moment they face the Earth to photograph the situation there in bands running east and west. The bands are about 5 kilometers in width. Each time an east-west band is photographed, the area covered shifts slightly in the north-south direction. It takes about 2,500 bands to photograph the entire region covered by the satellite.

Data from each band is transmitted via a weather satellite communications facility (in Hatoyama town, Saitama prefecture) to the Weather Satellite Center (in Kiyose city, Tokyo prefecture). The satellite center has four large-scale computers, where the data is converted into images. The extracted images are then again transmitted through Himawari for distribution at home and abroad, such as to foreign meteorological agencies and local governmental authorities.

The eyes of Himawari are two types of sensors, one in visual light and one in infrared. The visual light sensor can detect reflections of the sun's rays. It is the same image that a person would see with his own eyes. The images we often see on television or elsewhere are from this visual light sensor.

The infrared sensor, by contrast, catches heat (temperature) radiating from the Earth. In infrared images, areas of low temperature appear lighter, while areas of high temperature come out darker. But when clouds cover the land surface, the sensor does not detect the temperature of the land surface, but rather that of the surface of the clouds. Because temperatures are lower the higher the elevation of the clouds, temperatures can be used to discover cloud height. Mid- to upper-level cloud layers at 5,000 to 10,000 meters come out white, while lower level cloud layers look black. Himawari-4 used this capability to measure cloud position and height, and the information was used in weather forecasting.

Division into Two Wavelength Regions, and Calculations of Water Vapor Amounts

A special characteristic of Himawari-5 is its division of the infrared sensor into two wavelength regions, 10.5-11.5 micrometers (one micrometer is equivalent to one-millionth of a meter) and 11.5=12.5 micrometers. In addition, a new infrared sensor has been included for monitoring the "water-vapor band," so callled because it is so easily absorbed by water vapor. This sensor's wavelength region is a short 6.5-7.0 micrometers.

Three different infrared sensors are being used to monitor ocean surface temperature, water vapor amounts, and distribution in the atmosphere, and also to gain accurate knowledge of cloud movements in the middle to upper strata.

The division into two sensors is used for accurate measurement of ocean surface temperature. However, while discovering the temperature of the ocean's surface merely requires measuring the infrared rays emanating from the surface, measurements are inaccurate because infrared is absorbed by water vapor in the lower regions of the atmosphere.

If water vaper amounts can be known, then it is also possible to figure out how much infrared is being absorbed. However, until the present, there had not been a method for doing this. For this reason, says Hamada, "we have used past statistical values for determining how much water vapor there should be in a given ocean region in a given season of the year to formulate our estimates."

Now, however, by using the types of sensors mounted in the new satellite that can catch a multitude of different wavelengths, the problem has been solved. The amount of infrared rays absorbed by water is a predetermined rate for each wavelength. Thus, from the difference in the rate of infrared loss at the two wavelength regions, calculations can work backward to get the amount of water vapor. The result is then accurate calculations of ocean surface temperature.

The infrared sensor in the water vapor band, by contrast, can accurately monitor cloud movement at the very highest regions. Infrared sensors in this wavelength region can accurately monitor cloud radiation energy at middle to upper regions above 10,000 meters. Now it will be possible to accurately discover the height and position of clouds in the middle to upper regions, as well as wind direction and speed in the middle to upper regions, information that had been difficult to obtain before.

This newly obtainable data will improve the weather forecasting precision. Once ocean surface temperatures are known, it will be possible to make accurate forecasts of the appearance of fog at sea or along coastlines. The ability to make slightly more accurate forecasts of the sudden appearance of fog should lead to a reduction in seaborne shipping accidents. In addition, knowledge of cloud movement in the middle to upper regions makes possible the accurate forecasting of the formation, growth, and movement of low-pressure zones and typhoons.

Another Step Toward Computerized Weather Forecasting Maps

Based on data that has been improved in terms of both quality and quantity, the precision of computerized weather forecasting, known as "numerical forecasting," can be improved. Numerical forecasting does not rely on the experience of weather forecasters but is instead weather forecasting based on the principles of physics. Hourly changes in such variables as wind or air temperature are fed into physics equations, which are solved by computer to forecast the weather.

To do numerical forecasting, a gridwork of points is established on a three-dimensional net of the Earth's atmosphere. Wind, air temperature, water vapor, and other monitoring data from those points is input into the computer. For weeklong forecasts, for example, the distance between grid points is 110 kilometers. The numerical values that are input evolve according to such principles of physics as thermodynamics and fluid mechanics, and a simulation is generated.

Supercomputers were introduced beginning in 1988, and the precision of numerical forecasting has been improving year by year. Nevertheless, the final forecast still must rely on the experience of the weather forecaster. This is because there are still many grid points from which real-time observation data cannot be input. While regions in the advanced nations have many observation points, data from developing countries or from ocean areas is in extremely short supply. A major role of the weather satellite is to cover these missing regions. However, data from Himawari-4 was unsatisfactory in terms of both quality and quantity. With the arrival of Himawari-5, this area should improve greatly. For those weather forecasting maps which rely on the experience of weather forecasters, we will have made another step toward the day when they are instead produced completely by computer.

Issues Include Contribution Toward Narrow-Area Weather Forecasting

Weather satellite data alone, however, is not sufficient for making weather forecasts. Weather satellite data is adjusted and compensated by a monitoring net in the atmosphere that includes data from ships and aircraft, meteorological radars, ocean buoys, and Amedas [Automated Meteorological Data Acquisition System]. This is because, Hamada said, "Air temperature and water temperature data from weather satellites are indirectly obtained through infrared. It does not approach the precision of data measured directly at ground or ocean surface observation sites."

Because the satellite's electrical power is limited, and because it is positioned more than 100 times more distant than the space shuttle's orbit, it cannot rely on the method used by ground-based radars of sending out radio waves and then monitoring the rebound (active method). It cannot tell whether it is raining at ground level. Moreover, it will still have difficulty in contributing much to the extremely narrow-area weather forecasting that has been seen on the news in recent years, such as for ski resorts or golf clubs where local terrain can have major effects.

Hideo Ichihashi, vice president of Harex (based in Shinagawa Ward, Tokyo Prefecture, a company that provides weather information for average consumers, said, "We cannot, for example, get individualized, specific information on weather conditions at 100 meters above the ground — necessary information for hang gliders."

Next-Generation Himawari-6 To Have Vast Power Generation Capacity With "Triple-Axle Control"

Satellites are also progressing. On February 24, just before Himawari-5 was launched, the next-generation (Himawari-6) weather satellite was settled. Rather than a spinning type, the new satellite will switch to "triple-axle control" for controlling its position. Triple-axle satellites now in use as weather satellites include the United States' "GOOS" [Global Ocean Observation System] and India's "Insat."

While spinning satellites make it easy to control position, only half of the solar battery panels wrapped around the cylinder-shaped bodies can be oriented toward the sun at any one time, and electrical power supply capability is low. By contrast, triple-axle satellites can extend solar battery panels out like wings, which allows them to face the sun all the time. This increases electrical power-generating volume, and makes it possible to conduct a variety of electrical power-based activities. It also allows for an increase in the number of sensors.

In the middle of June, the soon-to-be retired Himawari-4 will be moved to 120 degrees East longitude, where it will serve as back-up for Himawari-5 for as long as its fuel holds out. Himawari-3, meanwhile, which has been serving as back-up for Himawari-4 will expel its remaining fuel and abandon its orbit. It will head into eternal sleep.

MPT To Study Multimedia Mobile Systems

OW2607102395 Tokyo KYODO in English 0815 GMT 26 Jul 95

[FBIS Transcribed Text] Tokyo, July 26 KYODO — The postal MInistry will start undertaking research and development of wireless multimedia mobile telecommunication systems such as portable TV telephones, officials said Wednesday [26 July].

The officials at the Ministry of Posts and Telecommunications [MPT] said an estimated 100 billion yen will be earmarked for the project over a five-year period starting in fiscal 1996, which will begin on April 1.

The ministry plans to seek an initial year allocation of 20 billion yen in the fiscal 1996 budget, the officials said.

The project was prompted by the prospect that the optical fiber multimedia network across the country will be completed in the year 2010, they said.

A research panel will be inaugurated in the ministry to promote the project, including a study on technological standards for wireless multimedia systems, they said.

The project calls for the establishment of relay stations at railway stations, bus stops, airports and other establishments to facilitate high speed, large capacity data transmission several thousands times greater than transmission capacity for portable and personal handy-phone system telephones, the officials said.

Unlike an optical fiber network which requires large-scale cable laying and other construction work, the wireless system will entail a smaller amount of investment, they said.

Foreign Firms Hold 42 Percent in Medical Market

OW2507124795 Tokyo KYODO in English 1110 GMT 25 Jul 95

[FBIS Transcribed Text] Tokyo, July 25 KYODO — Japanese and U.S. negotiators showed a rare hint of satisfaction over trade Tuesday [25 July], agreeing that foreign medical equipment makers have a hefty share of Japan's public sector market.

Japanese figures indicate foreign firms received 42 percent of the 67 billion yen in government procurement contracts last year for medical equipment covered by a bilateral "framework accord," both sides said.

The U.S. estimates the figure at "substantially larger than" 18 percent but does not have more precise numbers, a U.S. Government official said after the day's review of the accord, which went into effect in November.

The U.S. figures, supplied by the Japanese Government, often show Japanese distributors as the sellers of foreign equipment, while the higher Japanese figures represent an attempt to track down the original sellers, the U.S. official said on condition of anonymity.

On implementation of the accord, "We found a few procedural problems" and agreed on how to address them, the official said. A Japanese Foreign Ministry official said U.S. Government and industry both praised the Japanese Government's purchasing efforts.

The U.S. official expressed concern, however, that tight Japanese budgets might curb the contract value of government medical equipment buying even if the foreign share rises.

Government medical equipment purchases jumped from 43 billion yen in 1992 to 78 billion yen the next year, due to a supplementary budget, before sliding back to 67 billion yen last year, the U.S. official said.

The numbers cover only large contracts, excluding up to 80 percent of the public sector market, the U.S. official said, adding that next year's review will include small contracts too.

Government purchasing, in turn, was only 20 percent of total Japanese medical equipment spending last year, the U.S. official said, adding that U.S. firms held about 27 percent of the private-sector market, which is not covered by the framework agreement.

Sales of Domestic Computer Mainframe Increasing

OW2607102695 Tokyo KYODO in English
0844 GMT 26 Jul 95

[FBIS Transcribed Text] Tokyo, July 26 KYODO — Six major domestic computer makers delivered 1,143.6 billion yen worth of mainframe machines to customers in Japan in fiscal 1994, up 1 percent over the previous year, the Japan Electronic Industry Development Association said Wednesday [26 July].

In volume, the six companies delivered 3,500 computers to domestic customers, up 5 percent, the association said.

The association conducted a questionnaire on IBM Japan Ltd., NEC Corp., Nihon Unisys Ltd., Hitachi Ltd., Fujitsu Ltd. and Mitsubishi Electric Corp. to find out how many deliveries they made of mainframe computers priced at 10 million yen or higher.

The survey found that the six makers' total delivery of mainframe computers, including exports, dropped 5 percent in value to 1,245.2 billion yen and leveled off in volume to 4,152 units, the association said.

The domestic delivery of medium-sized and large computers decreased in both value and volume, but that of smaller machines, priced at less than 40 million yen increased 40 percent in value and 28 percent in volume, the association said.

It said those findings reflect "downsizing" trends in the computer market.

By industry, the delivery of machines to government agencies, manufacturers and financial institutions increased, the association said.

For fiscal 1995, the six makers expect a 5 percent delivery increase in volume over the previous year but a 7 percent fall in value, the association added.

North Korea

Ulchi Focus Lens Exercise Denounced

SK2807045595 Pyongyang KCNA in English
0450 GMT 28 Jul 95

["Warmaniacs of South Korea and U.S. To Stage Military Exercise" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The South Korean puppet Ministry of Defence declared on July 27 that they will stage a joint military exercise "Ulchi Focus Lens 95" with the U.S. against the North from August 21, according to a radio report from Seoul.

The exercise will be staged for nearly 2 weeks and involve more than 50,000 puppet troops and 16,000 U.S. troops.

The U.S. warmaniacs continue staging joint military exercises with the puppet army in various names to replace the "Team Spirit" nuclear war exercise against the North even after the DPRK-U.S. agreed framework was adopted. This is bringing the situation of the Korean peninsula to a critical phase.

The announcement of the war exercise on the threshold of the August 15 liberation day is a downright challenge and unpardonable crime against the grand march of the fellow countrymen in the North, South and abroad toward reunification.

The South Korean rulers must clearly see the ardent desire and will of the whole nation for reunification and immediately give up the reckless military adventure.

South's Ban on Festival Decried

SK2807114695 Pyongyang Korean Central Broadcasting Network in Korean
1222 GMT 27 Jul 95

[Unattributed commentary: "A Vicious Challenge to the Fellow Countrymen's Aspiration for Reunification"]

[FBIS Translated Text] As the day for the grand festival of national reunification on the 50th anniversary of the country's reunification approaches nearer day by day, the maneuvers of the Kim Yong-sam ring to block its joint holding are further intensifying.

As to the hard-won trilateral agreement among the preparatory committees of the North, the South, and overseas for the grand reunification festival, the Kim Yong-sam ring raves that they will totally ban the joint event on the national liberation anniversary and they gravely warn that the South side's preparatory committee violated the so-called law on North-South exchange and cooperation by contacting the North by facsimile, thus making threats by drawing the sword of suppression. This is another intolerable antinational and antireunification fascist violent act that throws a wet blanket over fellow countrymen's yearnings for reunification.

The consistent desire and will of the 70 million fellow countrymen in the North, South, and overseas is to add luster to this year—which marks the 50th anniversary of the country's liberation and the 50th anniversary of national division—as a significant year for bringing a breakthrough in the country's reunification.

If the civilian organizations in the North, South, and overseas jointly hold the grand festival for national reunification in Panmunjom on 15 August, a turning point will undoubtedly be brought forth for achieving reunification in the nineties.

It is quite proper that the festival preparatory committees of the North, South, and overseas agreed to jointly hold the grand festival of national reunification on the 50th anniversary of national liberation, and it pleases the entire nation, which yearns for the country's reunification as soon as possible. Therefore, there is no reason why they should regard it as a problem. Nevertheless, the Kim Yong-sam ring decided not to permit the joint national event, which is being pushed ahead. How absurd this is!

The Kim Yong-sam ring—which does not allow fellow countrymen, who have been separated from each other for as long as 50 years, the opportunity to have a reunion, shake hands, and discuss reunification joining their mind and will—is a ring of unpardonable traitors that has no compassion for the nation at all.

The Kim Yong-sam ring is trying to find a way to survive by opposing national reconciliation, unity, and reunification and harming fellow countrymen in collusion with outside forces. The Kim Yong-sam ring blocked all dialogue for reunification proposed by civilian organizations in the past.

A typical example showing the vicious nature of the Kim Yong-sam ring was that the Kim Yong-sam ring even mobilized a helicopter to frustrate the fifth pannational rally on the national liberation anniversary last year, suppressing the rally recklessly by spreading tear gas, a kind of chemical weapon whose use is banned even in war.

The South Korean ruling bunch has developed a public security-oriented political situation more war-like than that of last year, desperately attempting to block the grand reunification festival on the national liberation anniversary this year. This is clearly proven by their daily maneuvers with outside forces for an arms build-up and war rehearsals aimed at northward invasion, arresting those who visited the North for reunification, and brutal suppression of the South Korean people calling for independence, democracy, and reunification.

Attempting to block the South Korean people's sentiment that attracts them to the site of the joint national event for reunification on the national liberation anniversary, the Kim Yong-sam fascist clique exposed that their babbling about reunification, dialogue, and exchanges is a downright lie and that they only seek confrontation, division, and war.

The South Korean ruling bunch's raving about not permitting and warning against the joint national event for reunification is nothing but a death scream of the South Korean ruling bunch, which has turned against the nation, fears reunification, and is driven into a corner without a way out.

The grand joint national festival for reunification, which the North, South, and overseas sides agreed to jointly hold, is not a matter of obtaining approval of the divisive force opposing reunification. It is not a matter of quitting even if they oppose it. The reunification train of the North, South, and overseas bound for Panmunjom has already started moving, and no one can stop it on the way.

The South Korean ruling bunch should squarely see the rushing flow of the nation heading for reunification and lift immediately the crossing gate in the way of the grand reunification festival.

South's Human Rights Situation Criticized

SK2707222495 Pyongyang KCNA in English 1503 GMT 27 Jul 95

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) — The Asia Watch, a human rights supervisory organization, criticized the South Korean human rights situation in its report July 25.

It said the "National Security Law" and other laws banning even free rally and speech still remain in place, unchanged, and hundreds of people have been imprisoned since July last year.

Sampoong Rubble Removal 'Inflicting' Suffering

SK2807102795 Pyongyang KCNA in English 1012 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The Kim Yong-sam group is inflicting double and treble sufferings on the South Korean people by rounding off at random the operation to remove rubbles of the collapsed "Sampoong Department Store," the Seoul-based radio Voice of National Salvation quoted a spokesman for the National Democratic Front of South Korea as saying in a statement July 22.

The statement said that the Kim Yong-sam group put many victims to double and treble death, by burying in the garbage dump rubbles blended with remains of the dead while many missing people lie buried under the debris.

This is an unpardonable mockery of and insult to the victims of the collapse and the bereaved families and all South Korean people. It is an atrocious challenge to the desire of the people for a safe life, it said, and went on:

The traitor Kim Yong-sam tries to shift the responsibility for the case by expressing "regret" in vague word and punishing some underlings as in the past. With no trick, however, he cannot avoid the responsibility as the principal culprit of the case.

All the South Korean people must more energetically fight to overthrow the traitorous Kim Yong-sam "regime", the root cause of the large tragic events, and build a new independent and democratic people's society for a true and happy life.

Appointment of Special Kwangju Prosecutor Urged

SK2807102995 Pyongyang KCNA in English 1015 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The citizens' solidarity organisation for true democratic society and human rights and the alliance of May 18 Kwangju popular uprising in South Korea on July 25 submitted a petition calling for instituting a law on appointment of special prosecutor to the "National Assembly" in protest against the decision of the authorities not to prosecute those responsible for the Kwangju massacre, according to a radio report from Seoul.

At a press conference called before making the petition, the organisations contended that the decision of the prosecution that there is no "right of arraignment" against those responsible for the Kwangju massacre lost its "objectiveness" and "independence". So, an equitable right of prosecution must be established through a special prosecutor, they added.

Meanwhile, 614 complainants on July 25 filed an appeal as an expression of their refusal of the prosecution's decision on "no right of arraignment" against the main culprits of the Kwangju massacre and declared that those responsible for the Kwangju massacre must face a legal judgement under any circumstances.

Sinking of Oil Tanker Blamed on 'Misrule'

SK2807051295 Pyongyang KCNA in English 0508 GMT 28 Jul 95

["NODONG SINMUN on Sinking of S. Korean Oil-tanker" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The South Korean tanker "Sea Prince" with 100,000 tons of oil aboard sank, hit by a typhoon on July 23. Commenting on this, NODONG SINMUN today in a signed commentary titled "Tanker Sinking Caused by Misrule" says:

As can be seen in all shocking accidents which have hitherto occurred in South Korea, the current sinking is also a product of the anti-social misrule of the Kim Yong-sam group that is clearly indifferent to the prevention of disasters.

As already reported, the marine transport company made the tanker leave the port, though it was given a typhoon warning.

This only goes to prove that the current sinking was attributable entirely to the management side, which has sought only its profits in disregard of the safety of the crew, connived at and protected by the puppet authorities.

The unbroken chain of shocking accidents are all attributed to the corrupt politics of the Kim Yong-sam group, as the South Korean people say.

Kim Yong-sam is engaged in sycophantic tour of the United States, lending a deaf ear to the complaints and wailing by those who lost their children and parents due to the collapse of the "Sampoong Department Store" which had left more than 1,600 people dead or injured.

Though some one hundred people are still missing in the wake of the collapse of the "Sampoong Department Store", Kim Yong-sam, aware of that, spread a rumour that "the bottom of the wreckage appeared" in a bid to make impressions that he did his best to deal with the collapse before visiting the U.S.

Kim Yong-sam is hell bent on flunkeyist treacheries only for his comfort and his greed for power despite of heavy claims of lives in one shocking accident after another. Only when Kim Yong-sam is overthrown, can the South Korean people extricate themselves from disasters.

Japan's 'Nuclear Arms Program' Condemned

SK2807045395 Pyongyang KCNA in English 0447 GMT 28 Jul 95

["Clumsy Camouflage Will Never Work" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The Japanese reactionaries vociferate about "nuclear issue" of someone and "ban on nuclear test" whenever an opportunity presents itself. This is a clumsy camouflage to cover up their nuclear arms program by pretending to have an interest in peace and denuclearisation, says NODONG SINMUN in a signed commentary today.

The analyst of the paper says:

In a recently published "White Paper on Defence" of 1995, the Japanese reactionaries defined the Democratic People's Republic of Korea as the "first target" on the plea of its non-existent "nuclear issue." And they are intending to include an item of urging the DPRK's honest implementation of the DPRK-U.S. framework agreement in a "statement of the chairman" of the regional forum of the ASEAN to be held next month in Brunei.

Certainly, it is motivated by a sinister purpose.

The DPRK-U.S. agreement on nuclear issue is now being implemented after it was reached. So, Japan has no reason and excuse to talk about the "nuclear issue" of the DPRK. However, the Japanese reactionaries continue to incite confrontation with the DPRK over the "nuclear issue" under unfounded pretexts.

After the end of war, the Japanese reactionaries pushed ahead with the nuclear arms development, crying that Japan lost in the pacific war because it had no nuclear weapon.

Now, Japan's nuclear ambition has gone to extremes.

According to the U.S. Central Intelligence Agency, Japan has already stockpiled 20 tons of plutonium for military use.

What they seek is to keep the worldwide nuclear confrontation going and use it in justifying their nuclear arming.

Japan's clumsy camouflage will never work on anyone.

Japan is the only victim to nuclear bombs. Nuclear arming will bring no benefit to Japan. The Japanese reactionaries had better cool their heads overheated with a nuclear design and act with discretion.

Vice President Meets WFTU Delegation

OW2607122695 Pyongyang KCNA in English 1039 GMT 26 Jul 95

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — Vice-President Ni Chong-ok met and had a friendly conversation with a delegation of the World Federation of Trade Unions at the Mansudae Assembly Hall today.

Present there was Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea.

President of the WFTU Antonio Neto said the Great Leader Comrade Kim Il-sung paid deep attention to the WFTU.

He stressed that the WFTU expresses support and solidarity for the Korean People's cause.

Secretary General of the WFTU Alexandr Jarikov said he was received by Comrade Kim Il-sung twice. His great idea exerts great influence on the international working-class movement, the secretary general added.

Hwang Chang-yop Meets Norwegian Party Official

SK2807043495 Pyongyang KCNA in English 0423 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, met and had a friendly talk with Dag Norum [spelling of name as received], international secretary of the Central Committee of the Norwegian Communist Party, on July 27.

On the occasion Dag Norum said that the Norwegian Communist Party is developing relations with Korea, the only socialist country in the world.

He pointed out that his party is striving to further cooperation with Communist Parties of other countries and is interested deep in the experiences of the party's ideological work and the socialist construction in Korea.

WPK Delegations Leave on Overseas Trips

SK2707223095 Pyongyang KCNA in English 1516 GMT 27 Jul 95

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) — A delegation of the Workers' Party of Korea [WPK] led by Choe Chin-su, deputy director of a department of the WPK Central Committee, left Pyongyang today to visit West African countries, a WPK delegation headed by Chi Chae-yong, deputy director of a department of the WPK Central Committee, to visit Ukraine and Belarus and a delegation of the Korean Journalists Union headed by Kim Won-chol, vice-chairman of the Radio and TV Broadcasting Committee of the DPRK, to visit China.

A delegation of the Academy of Social Sciences of Liaoning, China, led by its Deputy President Wang Junwei arrived here today.

Foreigners Send Kim Chong-il Messages

Foreign Party Leaders

SK2807101895 Pyongyang KCNA in English 1004 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The great leader Comrade Kim Chong-il received messages from foreign party leaders on the occasion of the first anniversary of the death of the great leader President Kim Il-song. They came from General Secretary of the National Progressive Unionist Party of Egypt Rifaat es-Said, General Secretary of the Funcinpec Party Norodom Sirivudh, General Secretary of the Workers' Party of Turkey Mehmet Bedri Gultekin, General Secretary of the Central Committee of the Dominican Communist Workers Party Manuel Salasar and General Secretary of the Democratic Youth Revolutionary Party of Burkina Faso Toe De Stanislas.

The messages say that they honour the memory of President Kim Il-song in bitterest grief.

They note that although his excellency President Kim Il-song passed away, they witness his idea and principle being carried forward in the policies of Comrade Kim Chong-il, the supreme leader of the Korean people.

They wish His Excellency Kim Chong-il good health and happiness as well as greater success in his responsible work.

Foreign Diplomatic Corps

SK2807043395 Pyongyang KCNA in English
0425 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The great leader Comrade Kim Chong-il received a congratulatory letter from the foreign diplomatic corps here on the occasion of the 42nd anniversary of the victory in the fatherland liberation war.

The congratulatory letter was handed to Vice-Premier and Foreign Minister Kim Yong-nam by Egyptian Ambassador 'Ali al-Mutawalli Hijazi on July 27 on behalf of the diplomatic corps.

The ambassador said: The Korean people won the brilliant victory in the past fatherland liberation war under the wise leadership of his excellency the great leader President Kim Il-song. The revolutionary people of the world hope that the reunification of the country, the supreme desire of the Korean people, will be achieved at an early date.

Letters to Kim Chong-il Adopted Abroad

SK2707043095 Pyongyang KCNA in English
0417 GMT 27 Jul 95

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) — Letters to the great leader Comrade Kim Chong-il were adopted at a national memorial service held in Nigeria and joint memorial services in Finland, Peru and Togo on the occasion of the first anniversary of the death of the great leader President Kim Il-song. Letters said that participants in the memorial services on the first death anniversary of his excellency President Kim Il-song honoured his memory in bitter grief and prayed for the repose of his soul.

Although his excellency the great President Kim Il-song passed away, he will live eternally in the heart of the progressive humankind the world over for his immortal exploits, letters pointed out.

Letters sincerely wished Comrade Kim Chong-il a long life in good health and greater success in his future work to accomplish the revolutionary cause of President Kim Il-song.

Letters and messages to Comrade Kim Chong-il were also adopted at memorial services held in India, Senegal, Uganda, Madagascar and Yugoslavia on the occasion of the first death anniversary of President Kim Il-song.

Visiting Delegations Send Gifts to Kim Chong-il

Trade Union Delegation

SK2807054095 Pyongyang KCNA in English
0509 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the visiting delegation of the World Federation of Trade Unions [WFTU].

It was handed to an official concerned by its President Antonio Neto [spelling of name as received].

PRC Delegation

OW2607120895 Pyongyang KCNA in English
1035 GMT 26 Jul 95

[FBIS Transcribed Text] Pyongyang, July 26 (KCNA) — The Great Leader Comrade Kim Chong-il received a gift from a delegation of the International Liaison Department of the Central Committee of the Communist Party of China.

The gift was handed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, by head of the delegation Liu Jing-qin, deputy head of the International Liaison Department of the Central Committee of the Communist Party of China.

Kim Chong-il Work Defends Kim Il-song Ideology

952C0126A Pyongyang NODONG SINMUN in Korean 19 Feb 95 p 2

[Article by Kim Myong-i: "The Immortal Achievement in Defending and Holding Fast to the Great Leader's Revolutionary Ideology"]

[FBIS Translated Text] Today our people are staunchly struggling under the banner of the chuche ideology, upholding the slogan "Let us arm ourselves more thoroughly with the great leader Comrade Kim Il-song's revolutionary ideology!"

The great leader Comrade Kim Il-song, the pioneer of the chuche cause of revolution, has departed from our side. But the immortal revolutionary ideology he founded, namely, the chuche ideology, is shining all the more brilliantly as the revolution progresses. This is due to the energetic ideological and theoretical activities of the respected and beloved Comrade Kim Chong-il, who early on perceived the question of defending and adhering to the great leader's revolutionary ideology as an issue involving the fate of the revolution, and with this perception, has always paid profound attention to it.

The masterpiece published on 19 February 1974 is of immense historic significance in connection with the respected and beloved Comrade Kim Chong-il's glorious and brilliant history of activities to defend and adhere to the revolutionary thought of the great leader Comrade Kim Il-song. This masterpiece, an immortal classic, proclaims that imbuing the whole society with the great leader Comrade Kim Il-song's revolutionary thought—namely, the chuche ideology—shall be the supreme tenet of our party. It has vigorously inspired the whole party and all the people in the struggle to implement this tenet.

Comprehensively synthesized in the masterpiece are a host of issues. These range from theoretical and practical problems arising in imbuing the whole society with the great leader's revolutionary thought to issues such as the policy of intensifying indoctrination on the unitary ideology and on revolution among party members and workers; and tasks and methods for vigorously conducting propaganda and agitation work to accelerate grand socialist construction, combat the old convention of formalism, and bring about a new turn in the party's ideological work.

The essential spirit that runs through this masterpiece is the thought of resolutely defending, adhering to, and implementing the great leader Comrade Kim Il-song's revolutionary thought. With this spirit, the masterpiece provides the programmatic guiding principle to which our party and our people should firmly adhere today, tomorrow, and forever.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows: "Thanks to the leader's great chuche ideology and the theory of communist revolution based on it, our party and our people came into possession—for the first time in the history of the revolutionary struggle of the working class—of the only correct guiding ideology and guiding theory that enable us to bring the cause of socialism and communism to consummation while steering it only along the one road of victory."

The basic issue in inheriting and consummating the cause of the leader who blazed the road of revolution for the first time is to resolutely defend and hold fast to the leader's revolutionary thought.

The revolutionary cause of the working class is in essence the struggle to implement the leader's revolutionary ideology, which is the lighthouse illuminating the road ahead for the revolution. Only by defending and holding fast to the leader's revolutionary ideology, carrying it from generation to generation, is it possible to triumphantly advance the cause pioneered by the leader and bring it to its ultimate consummation. Historical experience shows that when the leader's ideology is not defended and adhered to, the cause he pioneered is doomed to break down, unable to carry on its own lifeline. The collapse of socialism in a number of countries in recent years is related, importantly, to the failure to defend and hold fast to the revolutionary ideology of the leader.

In our country, thanks to the sagacious leadership of the respected and beloved Comrade Kim Chong-il, the revolutionary thought of the great leader Comrade Kim Il-song has been resolutely defended and adhered to, and it has established itself in the hearts of our people as their unshakable creed, with its sturdy roots planted deeply in the soil of our society.

Foremost among the immortal achievements attained by the respected and beloved Comrade Kim Chong-il in defending and adhering to the great leader's revolutionary ideology is that, by formulating the great leader's revolutionary thought into an ideological system, he has raised its place in history.

In defending and preserving the leader's thought, it is of fundamental significance to formulate it into an ideological system. To defend and adhere to the leader's thought is in essence to defend the purity of his thought, and this task is unthinkable apart from its formulation into an ideological system. Only when the leader's thought is formulated into an established ideological system is it possible to clarify the nature and essential characteristics of the thought and, on this basis, to implement it in pristine form.

The question of formulating the leader's thought into an established ideological system could be solved brilliantly only by the great leader [yongdoja] who is peerlessly ideological, noted for his infinite loyalty to the leader, and who has matchless clairvoyance and scientific insight.

The respected and beloved Comrade Kim Chong-il, infinitely loyal to the great leader's revolutionary thought, studied in depth the basic principle and the essential substance of the leader's revolutionary thought for a long period of time. On this basis, he formulated it into the unified system of the chuche ideology by synthesizing its thought, theory, and methodology. In the respected and beloved Comrade Kim Chong-il's masterpiece of 19 February 1974, it is elucidated that the great leader's revolutionary thought has as its essence the chuche ideology, the first of its kind ever founded in the history of human thought; and that the theory of revolution and the leadership method are unitarily synthesized in this system on the basis of chuche ideology. With the great leader's revolutionary thought formulated into an established ideological system, the fundamental characteristics of the leader's revolutionary thought, as distinct from the preceding theories of revolution of the working class, came to be clarified in a scientific manner, with its place in history clearly defined. This marks a historic event which proudly acclaims that the great leader's revolutionary thought is the immortal revolutionary ideology that occupies the highest summit in the history of human thought and it is the only guiding ideology of our time.

Through the classic definition that the great leader's revolutionary thought constitutes the unitary system of the chuche thought, theory, and methodology, the people came to believe that the leader's revolutionary thought is the only guiding light illuminating the road ahead for them, and they began to fight staunchly under its banner. This signifies that with the great leader's revolutionary thought formulated into an ideological system, peoples making revolution have come into possession of a powerful weapon that will enable them to defend and adhere to the leader's revolutionary thought by carrying it from generation to generation. Today our people and revolutionary peoples the world over firmly believe that the great leader's revolutionary thought, namely, the chuche ideology, is the guiding ideology representing not only the present but also the future of human thought. With this conviction, they are determined to fight on from generation to generation, upholding this thought as their guiding principle. Great indeed is the achievement of the respected and beloved Comrade Kim Chong-il, who early on formulated the great leader's revolutionary thought into an ideological system, thereby paving the way for our people and the progressive peoples of the world to resolutely defend and hold fast to the chuche ideology by carrying it from generation to generation.

The immortal exploits of the respected and beloved Comrade Kim Chong-il in resolutely defending and adhering to the great leader's revolutionary thought also consist of the fact that he put in place all ideological and theoretical guidelines necessary to advance the revolution and construction in our country to the end, on the basis of the great leader's revolutionary thought.

The struggle to defend and adhere to the leader's thought as the leading ideology for the revolution is by no means smooth. This process is constantly accompanied by a slew of new ideological and theoretical problems. In order for the revolutionary cause of the working class to advance forcefully only under the banner of the leader's revolutionary thought, there must be an ideological and theoretical guiding principle capable of defending the essence of that revolutionary thought to the end.

The great leader [yongdoja] Comrade Kim Chong-il has presented an array of infinitely rich and profound thoughts, theories, and policies which are of vital importance in glorifying the chuche ideology as the guiding ideology of our time. Thanks to the energetic ideological and theoretical activities of the great leader [yongdoja] Comrade Kim Chong-il, a perfect understanding of the essential characteristics of human beings and their place and role in the world has been achieved; the chuche theory of socialism has been enriched and developed comprehensively; and the chuche-based principles on communistic leadership have been elucidated. The theory on the socio-political organism with the leader as its highest brain and the party as its vital organs; the theory on the inherent superiority and the inevitable development of socialist society, whose lifeline is collectivism; the theory on accelerating human remolding, nature remaking, and social reform through a vigorous prosecution of the three revolutions—ideological, technological, and cultural; and the theories on building the party, government, economy, the revolutionary armed forces, and workers' organizations; each of these and other ideological theories presented by the respected and beloved Comrade Kim Chong-il is based on the great leader's revolutionary thought and shot through with the purpose of resolutely defending and holding fast to it all the way. It is due to these great ideological theories that the great leader's revolutionary thought will shine forever as an immortal revolutionary thought, which is demonstrating its great power and vitality now and will demonstrate a still greater power and vitality in the era of communism in the future.

The revolutionary thought of the working class is defended through a fierce struggle against all sorts of opportunist and counterrevolutionary ideological tides. The respected and beloved Comrade Kim Chong-il has devoted heart and soul to the efforts to demonstrate the validity and power of our party's chuche ideology and the chuche-based socialist ideology by smashing the sophistry spread by the imperialists and reactionaries and all sorts of opportunists to enervate and extinguish the cause of socialism. For instance, he has vividly exposed the falsity of the anti-socialist propaganda that vilifies socialism as "totalitarianism," "a system run by decrees," and "a boot-camp," and clearly shown what genuine socialism is like. In another instance, he has presented the theory on strengthening the principal force of the revolution to accelerate socialist construction by laying bare the untenability of the reactionary theory which preaches that material wealth is everything and that economy is all important. The attraction of the chuche ideology is manifestly stronger today than ever before thanks to the energetic ideological and theoretical activities of the great leader [yongdoja] Comrade Kim Chong-il, who is resolutely defending and adhering to the thoughts and theories expounded by the great leader Comrade Kim Il-song.

Another important point in the achievements made by the respected and beloved Comrade Kim Chong-il in resolutely defending and adhering to the great leader's revolutionary thought is that he has armed all the people airtight with the leader's revolutionary thought and securely consolidated our revolutionary force into a unified entity of ideological will that is impregnated with nothing but the chuche ideology.

The masses are the protectors and executors of the leader's revolutionary thought. Only the revolutionary thought that has struck its roots deep in the hearts of the masses and that has become their inviolable guiding principle of life and struggle can continue to shine from generation to generation, demonstrating its immense power of attraction.

The entire course of revolutionary activities of the respected and beloved Comrade Kim Chong-il in leading the cause of our revolution under the banner of the great leader Comrade Kim Il-song's revolutionary thought is the history of the activities of the great teacher who has raised our party members and workers as devout believers of the chuche ideology, real chuche-type revolutionaries. With a firm grip on indoctrination in the chuche ideology, the respected and beloved Comrade Kim Chong-il has seen to it that all ideological education is subordinated to this indoctrination. As a result, a radical change has been brought about in our people's ideological and mental features. Today our people are thoroughly defending the ideological and theoretical achievements of the fatherly leader, with the clear realization that the chuche ideology is the only guiding principle of our revolution and the life of our nation, and from the firm standpoint that they cannot live apart from the chuche ideology founded by the fatherly leader. This tells that there has been put in place an important guarantee for holding fast to the revolutionary thought of the leader by carrying it from generation to generation.

After the fatherly leader passed away, the respected and beloved Comrade Kim Chong-il presented the slogan of loyalty, "Let us arm ourselves all the more tightly with the revolutionary ideology of the great leader Comrade Kim Il-song!" Since then he has been leading all our party members and workers to live and fight forever upholding the revolutionary ideology of the departed leader. This marks an immortal achievement that has opened the way for consolidating and developing our revolutionary force into a crystallization of loyalty and filial duty.

The respected and beloved Comrade Kim Chong-il has been resolutely defending and adhering to the great leader Comrade Kim Il-song's revolutionary thought, namely, the chuche ideology, as the eternal guiding ideology of the times and the revolution. Indeed, this exploit shines as the greatest of all achievements the respected and beloved Comrade Kim Chong-il has made for our party and revolution and for history and humanity. Thanks to this achievement, the respected and beloved Comrade Kim Chong-il is highly admired as a peerless ideological theoretician and the great leader [yongdoja] infinitely loyal to the cause of the departed leader.

All party members and workers must accelerate the revolution and construction all the more vigorously, cherishing deep in their hearts the greatness and great achievements of the respected and beloved Comrade Kim Chong-il, who has been untiringly adding luster to the revolutionary thought of the great leader Comrade Kim Il-song.

Minds 'Focussing' on Kumsusan Memorial Palace

OW2107223995 Pyongyang KCNA in English
2224 GMT 21 Jul 95

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The minds of people of the whole country and the world are focussing on the Kumsusan Memorial

Palace in which the great leader Comrade Kim Il-song is preserved in state and the avenue leading to the supreme holy land of chuche is crowded with waves of people.

In this connection, NODONG SINMUN today runs a political essay headlined "Looking Up to the Eternal Sun."

The author of the political essay says that an endless stream of people is flowing to this palace with longing for the fatherly leader, their hearts burning with the faith to hold him in high esteem as the eternal sun generation after generation.

It quotes the great leader Comrade Kim Chong-il as saying:

"The great leader Comrade Kim Il-song was precisely the sun of chuche who brightly illumines the road to be followed by humankind. Although his heart stopped beating, he will be alive forever in the hearts of the revolutionary peoples of the world as the sun of chuche."

People say with tears in their eyes, making a deep bow to the fatherly leader preserved in state:

"Fatherly Leader, rest in peace. Now, we are implementing your behests to the letter."

"We feel reassured at the thought that you, along with respected General Kim Chong-il, lead and take good care of us as yet."

Comrade Kim Il-song always led us and gave us inexhaustible strength and courage. This bosom was as warm as the sun.

Comrade Kim Il-song is the eternal symbol of all our victories and glory. His thoughts and faith, his revolutionary spirit and leadership method, all his great traits and noble virtues are rays and favours of the great sun that is adding glory to us, the Kim Il-song nation, forever.

Comrade Kim Il-song is immortal thanks to Comrade Kim Chong-il.

But for a great heir, the great leader will not enjoy immortality, the political essay says, and continues:

Comrade Kim Chong-il creditably carried out the historical mission to preserve the great leader in state with the highest loyalty, devotion and virtue ever in human history.

This undying feat holds a distinguished place in the exploits of the respected general in performing the most important task of the modern times on the highest level, taking the destiny of humankind on his shoulder.

This exploit performed by our general at a time when the 21st century is about to set in will be handed down to posterity as it helped toward firmly defending and realising the cause of global independence and as it made a historical contribution to humankind.

Our people and humankind will constantly visit the supreme holy land of chuche, harden their faith and advance along the road of chuche, the road of independence indicated by him, looking up to him forever.

Visitors Pay Respects at Kumsusan Palace

Kang Song-san, Cadres

SK2807020195 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 27 Jul 95

[FBIS Translated Excerpt] Party and state cadres visited the Kumsusan Memorial Palace today and paid their respects to the great leader Comrade Kim Il-song on the 42d anniversary of the victory in the fatherland liberation war.

Those who paid their respects were Comrade Kang Song-san, member of the Workers Party of Korea [WPK] Central Committee Political Bureau and premier of the Administration Council; Comrade Yi Chong-ok, member of the WPK Central Committee Political Bureau and vice president; Comrade Kim Yong-nam, member of the WPK Central Committee Political Bureau and vice premier of the Administration Council; Comrade Choe Kwang, member of the WPK Central Committee Political Bureau, vice chairman of the DPRK National Defense Committee, member of the WPK Central Military Commission, and chief of the Korean People's Army [KPA] General Staff; Comrade Kye Ung-tae, member of the WPK Central Committee Political Bureau and secretary of the WPK Central Committee; Comrade Chon Pyong-ho, member of the WPK Central Committee Political Bureau, member of the DPRK National Defense Committee, and secretary of the WPK Central Committee; Comrade So Yun-sok, member of the WPK Central Committee Political Bureau, responsible secretary of the South Pyongan Province WPK Committee, and chairman of the South Pyongan Province People's Committee; Comrade Kim Chol-man, candidate member of the WPK Central Committee Political Bureau and member of the DPRK National Defense Committee; Comrade Choe Tae-pok, candidate member of the WPK Central Committee Political Bureau and secretary of the WPK Central Committee; Comrade Choe Yong-nim, candidate member of the WPK Central Committee Political Bureau and vice premier of the Administration Council; Comrade Yang Hyong-sop, candidate member of the WPK Central Committee Political Bureau and chairman of the Supreme People's

Assembly; Comrade Hong Sok-hyong, candidate member of the WPK Central Committee Political Bureau and chairman of the State Planning Commission; Comrade Yon Hyong-muk, candidate member of the WPK Central Committee Political Bureau, responsible secretary of the Chagang Province WPK Committee, and chairman of the Chagang Province People's Committee; Comrades Yi Ul-sol and Kim Kwang-chin, members of the DPRK National Defense Committee and vice marshals of the KPA; Comrades Paek Hak-nim and Kim Ik-hyon, vice marshals of the KPA; Comrades Kim Ki-nam and Kim Yong-sun, secretaries of the WPK Central Committee; Comrade Chang Chol, vice premier of the Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Committee of the Central People's Committee; and Comrade Pak Nam-ki, chairman of Pyongyang Municipal Administrative and Economic Committee; responsible secretaries of provincial and municipal WPK committees; and responsible party secretaries of complexes. [passage omitted]

Trade Union Group

SK2707044495 Pyongyang KCNA in English 0423 GMT 27 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) - The delegation of the World Federation of Trade Unions [WFTU] and the delegation of the Tokyo Metropolitan Committee of the Japanese Trade Union Confederation visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid their respects for him on July 26.

WFTU President Antonio Neto wrote in a visitor's book that the great leader Comrade Kim Il-song would always be with people and his idea and exploits would shine forever.

WFTU Secretary General Alexandr Jarikov said that Comrade Kim Il-song would always be with them as the founder of the state of Korea, fighter of independence and great activist of the international working-class movement.

WFTU Secretary Debkumar Ganguli wrote that Comrade Kim Il-song would remain as the great leader of the world working people, the fighters who struggle for social justice and world peace.

Visitors Leave Flowers on Mansu Hill

People From All Walks of Life

SK2707222895 Pyongyang KCNA in English 1508 GMT 27 Jul 95

[FBIS Transcribed Text] Pyongyang, July 27 (KCNA) — Korean people from all walks of life, People's Army soldiers and overseas Koreans laid floral baskets before the statue of the great leader President Kim Il-song on Mansu Hill today on the occasion of the 42d anniversary of the victory in the fatherland liberation war.

Standing before his statue was a floral basket sent by the great leader of our party and our people Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army [KPA].

Military colours of the Korean People's Army were placed and guards of honor of the three services of the KPA were standing at attention around the statue.

Floral baskets were laid before the statue in the names of the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK, anti-Japanese revolutionary fighters, the Ministries of the People's Armed Forces and Public Security, KPA units, commissions and ministries under the Administration Council, the Korean Children's Union, public organisations, national organs and others.

A floral basket was also presented in the name of overseas Koreans staying in the socialist homeland.

All segments of people, People's Army soldiers and overseas Koreans made bows with deepest respect for President Kim Il-song who founded the revolutionary armed forces of chuche, led them along the road of victory and performed undying exploits for the cause of socialism, the cause of independence against imperialism.

Meanwhile, floral baskets were also laid before statues of President Kim Il-song across the country.

NDFSK Group

SK2807045895 Pyongyang KCNA in English 0438 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — Chief Yi Chong-sang of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK) and members of the mission laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill on July 27 on the 42nd anniversary of the victory in the fatherland liberation war.

They renewed their faith and will to hold President Kim Il-song in high esteem for all ages as the sun of chuche and devote their all to the country's reunification under the guidance of the great leader Comrade Kim Chong-il.

They also laid bouquets before the revolutionary martyrs cemetery on Mt. Taesong and observed a moment's silence in memory of the revolutionary martyrs.

PRC Delegation

SK2807043695 Pyongyang KCNA in English
0426 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The delegation of the Academy of Social Sciences of Liaoning, China, led by its Deputy President Wang Junwei, laid a bouquet of flowers before the statue of the great leader President Kim Il-song on Mansu Hill and made a bow on July 27.

Leaflets on Kim Il-song Scattered in South

SK2807102095 Pyongyang KCNA in English
1008 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — Leaflets carrying reverence for the great leader President Kim Il-song were scattered in Seoul and Mokpho, South Korea, to move the people on July 8 on the occasion of the first anniversary of his death, according to radio Voice of National Salvation in Seoul.

At dawn of the day, leaflets—18 cm x 12 cm—were scattered in Tobong district, Seoul.

Written on the front page of the leaflet were "We cherish the memory of President Kim Il-song on first anniversary of his death with deepest reverence. Patriotic Fellowship Society" and on the back page were "President Kim Il-song, eternal sun of nation. Leader Kim Chong-il will lead unified motherland. The sun shines. Let us greet reunification."

Leaflets in the name of the April 15 Fellowship Society—20 cm x 15 cm—were scattered in Mokpo city.

"President Kim Il-song, sun of nation, is immortal in hearts of nation. On occasion of 1st anniversary of his death." were written on the front page of the leaflet.

The immortal revolutionary hymn "Song of General Kim Il-song" and the words "Let us uphold the leader Kim Chong-il, lodestar above Mt. Paektu, for all ages, true to behests of President Kim Il-song" representing the firm pledge of the members of the society were printed on the back page.

The leaflets were read by citizens and passers-by in the areas in a moment.

Anniversary of War Victory Observed

Wreaths Laid at Mt. Taesong

SK2807021795 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 27 Jul 95

[FBIS Translated Excerpt] Party and government cadres, People's Army soldiers, workers, and young people and students laid wreaths at the Mt. Taesong Revolutionary Martyrs Cemetery this morning on the 42d anniversary of the victory in the great fatherland liberation war.

A wreath sent by Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, who is the chairman of the DPRK National Defense Commission and the supreme commander of the Korean People's Army [KPA], was at a stand for presenting wreaths. The KPA Honor Guard was standing at the Revolutionary Martyrs Cemetery.

Those who laid wreaths were Comrades Kang Song-san, Kim Yong-nam, Kye Ung-tae, Kim Chol-man, Paek Hak-nim, Kim Ik-hyon, and Kim Ki-nam; responsible officials of party, state, and administrative and economic organs, Armed Forces organs, public security organs, labor organizations, central organs, and educational, cultural and art, and public health sectors; KPA generals and soldiers; workers; and young people and students. [passage omitted]

Flowers Laid at War Monument

SK2807034895 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 27 Jul 95

[FBIS Translated Excerpt] Party and government cadres, People's Army soldiers, workers, and juveniles and students laid floral baskets at the Monument to the Victorious Fatherland Liberation War this morning on the 42d anniversary of victory in the great fatherland liberation war.

A wreath sent by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people who is also the chairman of the DPRK National Defense Commission and the supreme commander of the Korean People's Army [KPA], stood in front of the major sculptures depicting victory that belonged to the Monument to the Victorious Fatherland Liberation War. A KPA honor guard also stood at the Monument to the Victorious Fatherland Liberation War.

The presenters were Comrades Choe Kwang, Chon Pyong-ho, Choe Tae-pok, Yang Hyong-sop, and Kim

Kwang-chin; officials of party and state organs, economic and administrative organs, Armed Forces organs, labor organizations, central organs, and educational, cultural and art, public health, and publication and press sectors; and KPA generals and soldiers, workers, and juveniles and students. [passage omitted]

Soldiers Attend Soiree

SK2807022395 Pyongyang Korean Central Broadcasting Network in Korean 1400 GMT 26 Jul 95

[FBIS Translated Excerpt] On the evening of 26 July, on the occasion of the 42d anniversary of victory in the great fatherland liberation war, a soiree of soldiers of the Ministry of the People's Armed Forces was held in the Plaza of War Victory. [passage omitted]

Comrade Choe Kwang, member of the Political Bureau of the Workers Party of Korea Central Committee and chief of the General Staff of the Korean People's Army [KPA]; responsible functionaries in the Ministry of the People's Armed Forces, including KPA Vice Marshal Kim Kwang-chin; and officers and men of the KPA attended the soiree. [passage omitted]

Victory Celebration Held

SK2807083195 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Jul 95

[FBIS Translated Excerpt] A gathering by workers of Pyongyang was held on the evening of 27 July at the Kim Il-song Stadium to celebrate the 42d anniversary of the victory in the great fatherland liberation war. [passage omitted]

Present there were Comrade Yi Chong-ok, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice president; Comrade Han Song-yong, member of the Political Bureau of the WPK Central Committee and party Central Committee secretary; Comrades Paek Hak-nim and Kim Kwang-chin, vice marshals of the Korean People's Army; Comrade Chang Chol, vice premier of the Administration Council; Comrade Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; other functionaries concerned; heroes; those who provided meritorious services in the war; war veterans; bereaved families of those who fell during battle and those killed by the enemy; families of People's Army soldiers; labor innovators; and workers in the city. [passage omitted on speech by Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, followed by speeches by war veterans and innovators]

South Korea

Kim Yong-sam Continues Visit to United States

Hosts Reception for Veterans

SK2807011895 Seoul THE KOREA HERALD in English 28 Jul 95 p 2

[FBIS Transcribed Text] Washington — President Kim Yong-sam hosted a reception for leading American citizens and Korean War veterans on the eve of the unveiling of the Korean War memorial Wednesday [26 July] evening.

About 800 people attended the "A Tribute to America" reception held at the Corcoran Gallery of Art.

The South Korean President's honored guests included Secretary of Commerce Ron Brown, former House Speaker Tom Foley, U.S. Trade Representative Mickey Kantor and Laura Tyson, chairman of the National Economic Council.

Also on hand were Sen. Jesse Helms, chairman of the Senate Foreign Relations Committee; Jesse Brown, secretary of Army; Gen. John Shalikashvili, chairman of the Joint Chiefs of Staff; and Sen. Strom Thurmond, chairman of the Senate Defense Committee.

In a speech, President Kim said that South Korea owes a lot to the United States for the prosperity, freedom and democracy she now enjoys.

"People usually call our accomplishing this a miracle," Kim said. "But we Koreans are well aware of how much the U.S. contributed to our achieving such a miracle."

Above all, when the Korean War erupted in June 1950, tens of thousands of young Americans shed their precious blood and sweat to protect Korea's freedom and peace.

Since that time, some 5.7 million American officers and soldiers have served in Korea in the cause of the peace and stability of the Korean peninsula and Northeast Asia, Kim said.

"Friends in difficult times are friends indeed."

He also cited the American support to the economic development of South Korea and democratization efforts during the past decades.

"In the Korean people's difficult path towards democracy, the unstinting encouragement of the American people always gave us great strength and courage.

"I would like to convey the gratitude of the Korean people to the American people who helped us achieve all these miracles," Kim said.

Holds Summit With Clinton

SK2807115595 Seoul SEOUL SINMUN in Korean 28 Jul 95 p 3

[Editorial: "ROK-U.S. Summit Gives Message to the North"]

[FBIS Translated Text] Other than the historic and symbolic nature of President Kim Yong-sam's visit to the United States on the occasion of the 50th anniversary of liberation and his participation in the dedication ceremony of the Korean War Veterans Memorial, what is most significant about the visit is that it reconfirms the coordination and cooperation of policy toward North Korea. One good example of this is the summit talks held at dawn on 28 July. It is a natural consequence that almost all points of interest and discussion concentrated on North Korea.

The most noteworthy matters agreed upon at the summit talks, naturally, involved North Korea. It was decided that a "joint strategic consultative body on North Korea" made up of officials at the vice ministerial level or above will be formed to encourage North Korea to carry out reform and to open up. Apart from the existing ROK-U.S. Security Consultative Meeting, it will institutionalize a consultative body to provide a joint strategy on the North in the diplomatic and economic fields. This is being assessed as an active response that takes into account the fact that North Korea's threat against peace and security on the Korean peninsula is a serious reality, militarily as well as economically, including its food shortage.

In response to the noteworthy attempt by North Korea to cripple the Armistice Agreement system, heads of both countries reconfirmed the principle of establishing a permanent peace agreement between the parties concerned in the North and South. It is thought that a noteworthy result of confirming the principle of the parties concerned is that a wedge was driven into the offensive for an exclusive U.S.-North Korea peace agreement that eliminates the ROK. There must be an active response from North Korea and sincere assistance among neighboring countries, such as the United States and China.

One of the most conspicuous characteristics of the summit talks was the reconfirmation of the ROK's preference and initiative regarding the North Korean issue. President Kim Yong-sam's emphasis on reconciliation, cooperation, coexistence, and coprosperity with North Korea was impressive, and President Clinton's overall understanding and support for the ROK's efforts for peace and reconciliation with the North, such as the rice aid, was especially noteworthy. President Clinton emphasized that if North-South relations are not settled amicably, there cannot be improvement in U.S.-DPRK relations, including the establishment of U.S.-DPRK liaison offices. This is an important and firm message to the North, which must listen to it attentively.

Amid the cooperative atmosphere of overall agreement regarding the North Korean issue, the trade friction issue was discussed. The United States was urged to show interest in the trade imbalance increase between the ROK and the United States. On diplomatic issues, the United States was notified of our concern and our willingness to play a mediator role in the aggravated U.S.-PRC relations. The summit talks provided an opportunity to confirm the firm and mature ROK-U.S. relations.

Meets Press With Clinton

SK2707224295 Seoul YONHAP in English 1832 GMT 27 Jul 95

[FBIS Transcribed Text] Washington, July 27 (YONHAP) — South Korean and U.S. Presidents, Kim Yong-sam and Bill Clinton, agreed Thursday [27 July] to form a high-level consultative body to develop joint strategies with regard to North Korea, separately from the existing Security Consultative Meeting (SCM), to expedite opening of North Korea to the outside world.

Under the agreement, the new consultative body will hold its first meeting, with vice foreign minister-level or higher officials from both governments heading their respective delegations, immediately following the coming Korea-U.S. SCM session slated for October in Seoul.

In a joint press conference just after a summit meeting at the White House, President Kim said that he and Clinton shared the view that improvement in relations between Washington and Pyongyang should be pursued in harmony and parallel with improvement in relations between Seoul and Pyongyang.

The two exchanged opinions on the recent efforts by North Korea to nullify the Korean Armistice Treaty, Kim said, adding that he expressed the view that the issue of establishing an everlasting peace regime in the Korean peninsula should be directly dealt with between South and North Korea and that Clinton expressed his full support for Kim's position.

Kim and Clinton pledged that they will continue to provide assistance to the Korean Peninsula Energy Development Organization (KEDO) while maintaining close cooperation between the two countries for a successful implementation of the nuclear agreed framework signed in Geneva last October.

The two hoped that bilateral trade disputes could be solved smoothly through consultations between trade officials while sharing the view that expansion of bilateral relations both in quality and quantity is needed so the two countries could play a leading role in the development of the Asia-Pacific region toward the 21st century, Kim said.

In this context, the two sides agreed to cooperate closely to successfully hold the Asia-Pacific Economic Cooperation (APEC) summit meting in Osaka, Japan, in the coming November, Kim said.

Kim and Clinton also agreed to intensify cooperation between the two countries in the United Nations and other international forums, Kim said.

President Clinton reaffirmed the American government's firm security commitment for South Korea while Kim gave his support to the Clinton administration's policy in which the U.S. deployed its military forces in east Asia to maintain peace in the region, according to Kim.

The two sides also reconfirmed that the joint security system between the two countries is essential for the peace and security in the Northeast Asia as well as in the Korean peninsula.

President Clinton meanwhile applauded the political and economic development which South Korea achieved under President Kim's leadership, saying that the sacrifices American soldiers made during the Korean War were priceless and that the unveiling ceremony of a monument commemorating Korean War veterans was moving.

Clinton pledged that the United States troops will continue to stay in South Korea as long as South Koreans want the U.S. soldiers, adding that the security alliance between the two countries is stronger than ever.

The two countries are maintaining close cooperation with Japan in efforts to solve the North Korean nuclear issue and the two presidents strongly supports the developments made on the implementation of the Geneva nuclear agreement including the recent nuclear accord in Kuala Lumpur, Malaysia, Clinton said.

Clinton also said that he and Kim have no difference in pushing ahead with the principle that South Korea will play a central role in the North Korean nuclear reactor project and provide Korean standard nuclear plants to North Korea.

Following the summit, Kim and Clinton unveiled the Korean War Veterans Memorial in a ceremony.

In the evening, Kim will attend a state dinner to be hosted by Clinton at the White House.

Kim will conclude his four-day state visit to Washington after meeting with Vice President Al Gore Friday. He is scheduled to depart for Seoul on Saturday.

Speaks at Memorial Dedication

SK2707234095 Seoul YONHAP in English
1915 GMT 27 Jul 95

[FBIS Transcribed Text] Washington, July 27 (YONHAP) — President Kim Yong-sam Thursday said that the sacrifices American soldiers made during the Korean war proved to be the prime mover behind the realization of freedom throughout the world.

Applauding the Korean war veterans in the United States, President Kim also said that "as the Asia-Pacific age unfolds, the ties between the Republic of Korea and the United States forged in the common cause of freedom and peace will further strengthen as solidly as the black granite of this memorial and will continue to develop as long as the Potomac River flows."

Kim was delivering a speech at the dedication ceremony of the Korean War Veterans Memorial in Washington, the United States.

"Today, forty-two years after the guns dell silent at the end of the Korean war, we are gathered here to consecrate this ground in memory of all the veterans who fought heroically in that war," Kim said.

"We are dedicating this Korean war veterans memorial so that all succeeding generations will know how great the sacrifices and devotion of those veterans were and how precious freedom and peace are," he said.

Paying tribute to all those Korean war veterans, Kim expressed his profound appreciation to the United States Government and Congress for sponsoring and supporting the building of the 'profoundly meaningful' memorial.

Reminding that the war cost over half a million casualties on the part of the United Nations with 33,000 U.S. soldiers and 62,000 other UN soldiers killed during the war, Kim said that the Korean war veterans stemmed the expansion of communism and heralded the collapse of the Berlin wall and demise of communism.

"We take pride in the progress of history that has turned the Korean war from a forgotten war into a war most worthy of remembering," Kim said.

Concluding his speech, Kim urged participants of the ceremony to make all succeeding generations remember the truism engraved in the memorial — "Freedom is not free."

Meets With Korean Press

SK2807014795 Seoul YONHAP in English
0141 GMT 28 Jul 95

[FBIS Transcribed Text] Washington, July 27 (YONHAP) — President Kim Yong-sam on Thursday [27 July] said emphatically he would continue pushing for reform throughout the remainder of his tenure, adding "the change and reform will never reel, nor will they halt."

He made the remarks when asked to comment on the reform programs he initiated upon his inauguration at a meeting with Korean correspondents held right after his participation in the unveiling ceremony of the Korean War Veterans Memorial.

Should a small number of citizens who suffer from the change and reform raise objections, "the people must fight and win them over to the right path," he said.

Asked about his meeting with President Bill Clinton, he replied, "President Clinton and I talked about many things concerning inter- Korean relations and we reached a complete agreement on our joint strategy to deal with the inter-Korean issues."

Noting the agreement which requires vice foreign minister-level officials from both countries to regularly meet and discuss foreign and security issues of common interest, he said it is almost certain that South Korea will become a non-permanent member of the UN Security Council.

As for the trade friction between the two countries, Kim said it would be rather abnormal if there were no disagreements at all considering the huge level of bilateral trade which is expected to expand to 50 billion dollars this year. "There was no friction (of opinion) regarding the trade issue in the summit," he added.

On the outlook of U.S.-North Korea relations, Kim said, "There is almost nothing making headway between the United States and North Korea."

Asked about the North Korean demand to replace the armistice regime in Korea with a peace treaty, Kim said the U.S. Government sticks to the principle of solving an issue through dialogue between the parties who have a direct interest, adding that the U.S. Government's firm position is that a peace treaty is a matter to be decided by South and North Korea but not a thing to be discussed with a third party.

Kim did not comment on questions regarding domestic political issues back in Korea.

Attends State Dinner

SK2807015295 Seoul YONHAP in English
0144 GMT 28 Jul 95

[FBIS Transcribed Text] Washington, July 27 (YONHAP) — President Kim Yong-sam wound up his formal schedule in the United States after attending a state dinner hosted by U.S. President Bill Clinton on Thursday.

President and Mrs. Clinton received President Kim and his wife Son Myong-sun at the White House where they reportedly had a pleasant conversation in a reception room before sitting down to dinner.

President Kim said in his address to the dinner, "The history of friendship between our two countries goes back more than one century. However, it was not until the Korean war broke out that our two peoples became blood brothers."

He added that Korea and America have now become partners mutually helping each other on the road to ever greater prosperity.

"Korea is now a most trustworthy ally of the United States and will continue to cooperate with you in promoting world peace and global development," he said.

President Kim is scheduled to depart Washington on Friday and arrive in Seoul on Saturday.

Clinton Comments on Korean Armistice Agreement

SK2707224595 Seoul YONHAP in English
2109 GMT 27 Jul 95

[FBIS Transcribed Text] Washington, July 27 (YONHAP) — U.S. President Bill Clinton said Thursday that the present Korean armistice treaty should be kept until South and North Korea establishes an everlasting peace system in the Korean peninsula.

In a joint press conference with President Kim Yong-sam at the White House, Clinton also said that the United States will one hundred percent comply with the wills of South Koreans on the issue of replacing the Korean armistice treaty with a new peace regime.

President Kim meanwhile said that "It's not an opportune time for me to talk about the specific timing for South-North summit talks because it's not clear when Kim Chong-il will assume power in the North, although there seems to be no alternative to Kim Chong-il in the North Korea's leadership change."

A diplomatic source in Washington meanwhile said that the Clinton administration has no intention of providing rice to North Korea.

Memorial Dedication Marks Start of 'New Era'

SK2807082195 Seoul TONG-A ILBO in Korean 28 Jul 95 p 3

[Editorial: "Sacrifices for Freedom"]

[FBIS Translated Text] The dedication ceremony of the Korean War Veterans Memorial held on 27 July in woods to the left of the Lincoln Memorial in Washington has renewed the American people's consciousness about the Korean war. Attendance by the presidents of the two countries and hundreds of thousands of veterans and their families at the dedication ceremony for the Korean War Veterans Memorial, which was built 42 years after the Korean war armistice, vividly shows that the Korean war is not at all "the forgotten war."

The Korean war is an unpopular war to Americans who had to send their beloved sons and daughters to fight in distant battlefields in a foreign land "in order to defend the freedom of an unheard country and of people they had never met," says a plaque at the memorial. The Korean war was one war Americans wanted to forget. However, the Korean war was a war in which Americans dedicated their loyalty, service, and even their lives for their country. The words "freedom is not free," engraved at the monument, reconfirm why the American people dedicated their lives during the Korean war. For Americans, the Korean war differs from the Vietnam war, which was called "a lost war." This can be seen in the Republic of Korea of today, which has made brilliant developments out of the ruin of a war in which the American people fought for freedom.

During the Korean war, the American people suffered enormous sacrifices, with 54,000 war casualties, over 100,000 wounded, 8,000 missing in action, and over 7,000 prisoners of war. Nevertheless, a precise appraisal and assessment of the Korean war was not possible because this war was "an unfinished war" and the truth about the war was distorted with the trend for revising history.

An era of contention has been brought to a close with the dedication of the Korean War Veterans Memorial. With the collapse of communism, the liberal democracy defended by the lives of Americans, Koreans, and veterans of participating UN countries has finally emerged victorious. Documents of the former Soviet Union made public prove that the Korean war was a war of aggression triggered by a joint conspiracy between Kim Il-song, Stalin, and Mao Zedong, thus revealing the unshakable historic truth concerning the Korean war. The Korean war has now been validated as a war of glorious victory for freedom which Americans should remember for a long time in the future.

The Korean War Veterans Memorial, dedicated to the veterans of the Korean war, is of great significance in that it reconfirms and commemorates the blood relations between the ROK and the United States that were forged in the joint struggle for freedom. This commemoration marks the beginning of a new era in history. This necessitates a shift in ROK-U.S. relations towards a new partnership, in which the ROK sheds its unilateral reliance and does its fair share of fulfilling mutual interests of the two countries.

The ROK and the United States should work together to build new, cooperative relations by enhancing their blood relations to a higher stage in the wake of opening an Asia-Pacific era in the 21st Century. They should also work to achieve peaceful reunification of the Korean peninsula. We firmly believe that the truth about the Korean war, which has now been rediscovered, will serve as a bright light for future relations between the two countries.

Improvement of Visa Issuance Procedures Sought

SK2807005195 Seoul THE KOREA TIMES in English 28 Jul 95 p 2

[FBIS Transcribed Text] With Seoul and Washington agreeing in principle to seek ways to alleviate inconvenient delays in visa issuances at the U.S. Embassy in Seoul, both governments are expected to start negotiations soon to improve the existing time-consuming procedures, an official of the U.S. Information Service (USIS) said yesterday.

Foreign Minister Kong No-myong, currently on a visit to Washington to accompany President Kim Yong-sam, agreed with U.S. Secretary of State Warren Christopher that the U.S. government should do its best. "Working-level officials will soon start negotiations to seek ways to improve the current system. We have not yet agreed on any detailed steps," the official said.

The U.S. side is reportedly considering enlarging the share of "travel agent referral programs (TARP)" which don't require visa interviews.

Also under study is the introduction of visa-related affairs at local U.S. cultural centers in Pusan, Taegu and Kwangju. Currently, visa applications are possible only in Seoul.

So far, the U.S. embassy has taken no significant steps, alleging that it cannot visibly increase the number of visa issuances because of budget shortages.

The delays in visa issuances aggravate every summer with more Koreans planning to travel to the United States on vacation or attend language schools.

The U.S. embassy said that it cannot introduce a visa waiver to Korea because the visa refusal rate at the U.S. Embassy in Seoul amounts to 8.9 percent.

According to U.S. laws, a country must maintain a visa refusal rate of less than 2 percent for a period of at least two years in order to be eligible for a visa waiver.

North's Trade Reportedly Falls 15.5% in 1994

SK2807055095 Seoul CHOSON ILBO in Korean 28 Jul 95 p 6

[YONHAP report from Tokyo]

[FBIS Translated Text] North Korea's total import and export amount in 1994 was $2,228,960,000, marking a decrease of 15.5 percent over the previous year. This is the lowest amount since 1991, and is thought to reflect the serious economic difficulty North Korea is experiencing.

According to data released by the Japan External Trade Recovery Organization (JETRO) on 27 July, North Korea's exports in 1994 amounted to $978,790,000, a decrease of 3.5 percent over the previous year, and imports amounted to $1,250,170,000, a decrease of 22.9 percent over the previous year.

This total trade volume is lower than the $2,640,000,000 in 1991, when North Korea's volume of trade was drastically reduced following the collapse of the Soviet Union. North Korean trade has steadily decreased since then.

Renovation Planned for House of Freedom

SK2307034495 Seoul SEOUL SINMUN in Korean 23 Jul 95 p 3

[FBIS Translated Text] The ROK Government decided on 22 July to expand and renovate the House of Freedom on our side of Panmunjom in preparation for increased North-South exchange.

It has been learned that considering the size and height of Panmungak, which North Korea expanded in 1994, the government would start the expansion and renovation work in 1996 and finish it in 1997.

The National Unification Ministry reportedly plans to use the expanded and renovated House of Freedom as a North-South liaison office and facilities for North-South travel.

The National Unification Ministry plans to allocate 12.035 billion won to expand and renovate the House of Freedom. The building, when completed, will be four stories above ground and two stories below ground, its floor space will be 300 pyong [one pyong equals 3.954 square yd] and its total space will be 1,500 pyong.

China Releases Fishing Boat

SK2807103595 Seoul YONHAP in English 1016 GMT 28 Jul 95

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — A South Korean fishing boat held by China for alleged violation of its territorial sea, was set free Friday afternoon and on its way back to Inchon.

An official at the Fisheries Administration said China released 103-ton Usong-ho No. 85 after receiving a fine of 29 million won from the ship's owner, Usong Fisheries Co.

Trawler Usong-ho No. 85, along with its sister ship, Usong-ho No. 86, was caught by the Chinese on last May 27 on charges of violating their territorial waters.

The official said the released ship was being sailed by two of its crew, engine officer, Kim Chong-kil, 43, and chief fishery officer, Kim Chang-kun, 35.

The remaining eight crew men were set free on June 27.

The sister ship, Usong-ho No. 86, was released three days after the seizure with the order to arrange the payment of the fine.

On way home from China, however, the ship somehow strayed into the North Korean waters only to be seized by the North Koreans this time. The ship and its crew are still being held in captivity in the North.

DLP To Submit Reform Proposals 'Next Week'

SK2807054795 Seoul YONHAP in English 0523 GMT 28 Jul 95

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — With President Kim Yong-sam's return from his state visit to the United States just a day away, the ruling Democratic Liberal Party [DLP] began Friday [28 July] consolidating a set of formulas for reforming the party and the government, aimed at winning back the public's confidence after its devastating defeat in the June 27 local elections.

The government party plans to submit a comprehensive recommendation to President Kim, who concurrently heads the ruling party, sometime next week when party chairman Yi Chun-ku holds a meeting with the chief executive or in the form of a party report that will be delivered to the president by Secretary-General Kim Yun-hwan.

A DLP consensus reportedly has come to the conclusion that an early overall reform of the party-administration relationship including the presidential secretariat is desirable.

A key DLP post holder said Friday, "It is a consensus among the party lawmakers that a significant reshuffle of the administration is unavoidable together with a reform of the party organization. In particular, it is necessary for a prime minister having political background to lead the cabinet so that the ruling party and administration may make an all out effort in preparation for the forthcoming general elections," hinting at a need to carry out a sweeping cabinet reshuffle which would include the prime minister.

Pro-government lawmakers share a view that the projected reform of the ruling party and the administration should be conducted by mid-August.

As to the proposed creation of several party vice presidential posts, concerns have reportedly been aired within the party that the formula, leaning towards a collective leadership structure rather than powerful party management directly under the control of the party president, may lead to the creation of factions within the party.

In the meantime, Rep. Yi Man-sop, former National Assembly speaker, who is leading a signature collecting drive designed to demand President Kim Yong-sam change his approach to managing state affairs, claimed Friday about 50 lawmakers are expected to take part in the drive. Reps. Kwon Ik-hyon, An Mu-hyok and Ho Hwa-pyong have also reportedly joined with him, Yi said.

In parallel with the signature collection campaign, some DLP lawmakers hailing mainly from Taegu, North Kyongsang and Chungchong Provinces intend to determine their future courses of action before the regular National Assembly session convenes in September after reviewing the party-administration reforms that President Kim will adopt.

Moves of DLP's Conservative Members Viewed

SK2807075295 Seoul CHOSON ILBO in Korean 28 Jul 95 p 2

[Report by Kim Min-pae]

[FBIS Translated Text] It was learned on 27 July that 10 odd national assemblymen of the Minjong [Democratic-Justice] faction in the Democratic Liberal Party [DLP] are pushing ahead with the creation of a new conservative party or the formation of a "political fraternity" [chongchi kyolsache].

Some national assemblymen who have served two or three terms since the 11th general elections and who have held important positions in the administration during the Fifth and Sixth Republics, are apparently joining hands with some assemblymen who led the conservative movement last December with the Republican faction, assemblymen from the Fifth and Sixth Republics, and assemblymen elected from North Kyongsang Province. They are reportedly planning to resign from the DLP around October, before the DLP announces the names of party-appointed legislators.

Prior to this, President Kim Yong-sam is expected to announce new ideas for managing political affairs and for reorganizing the party and the government on either 15 August, the 50th anniversary of national liberation, or 25 August, the date marking the midway point of his term. After observing how the situation develops after President Kim's announcement, they will probably bring out open questionnaires pertaining to the ruling sphere's management of state affairs and party operations.

A relevant core official said: "No decision has been made on whether they will create a new political party or form a political fraternity of like-minded assemblymen who have similar goals. In particular, difficult problems pertaining to naming a representative and raising political funds can be expected to surface if they decide to create a new party. Therefore, some favored the creation of a conservative political fraternity advocating stability, over the formation of a party."

He added that "after much discussion through various channels, 35 to 40 national assemblymen are apparently considering resigning from the party in order to join the United Liberal Democrats [ULD] or are planning to run in the forthcoming elections as independent candidates. But those seeking to create a new political party are different from those assemblymen who intend to join the ULD or to run as independent candidates."

Meanwhile, of these assemblymen, some have already joined the faction led by Assemblyman Yi Man-sop who began a signature campaign "calling for the renewal of party discipline."

Kim Tae-chung Plans Visit Abroad Sep-Nov

SK2207061195 Seoul HANGUK ILBO in Korean 22 Jul 95 p 2

[FBIS Translated Text] It was learned on 21 July that Kim Tae-chung, permanent adviser of the new party Inaugural Preparation Committee, plans to visit the United Nations and the United States in late September, China in October, and Russia in November.

Appeal for Review of Kwangju Case Rejected

SK2807103495 Seoul YONHAP in English 1013 GMT 28 Jul 95

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — The Seoul high prosecutor's office on Friday rejected an appeal for review of the suit a total of 614 people filed against former President Chon Tu-hwan and 34 others in connection with their roles in the harsh suppression of the Kwangju uprising in 1980.

"There is no reason for review of the lawsuit since the acts committed by Chon and 23 others in the Kwangju incident were part of the process of creating a new regime as decided by the Seoul district prosecutor's office and therefore are not subject to juridical review," a decision by the high prosecution said.

It also said that the prosecution were rejecting the appeal against Joint Chiefs of Staff Chairman Kim Tong-chin and 10 other active servicemen because they are outside the prosecution's jurisdiction since they are active military servicemen.

The suers including Chong Tong-nyon, chairman of the Alliance of Kwangju Popular Uprising, said in their appeal filed last June 25 that contrary to the district prosecution's decision, the prosecution have the right to prosecute them because the only people the prosecution cannot deal with must be limited to those like foreign diplomats enjoying extraterritoriality.

Arrest Warrant Sought for Former Taegu Mayor

SK2807064295 Seoul YONHAP in English 0634 GMT 28 Jul 95

[FBIS Transcribed Text] Taegu, July 28 (YONHAP) — The Taegu District Public Prosecutor's Office on Friday [28 July] applied for an arrest warrant for former Taegu Mayor Yi Chong-chu on a bribery charge.

The office confirmed through its overnight interrogations of Yi and others involved in the case that in July last year, when he served as vice mayor of the city, he accepted a bribe of 140 million won (about 200,000 U.S. dollars) from Shinhan Industrial Co. in return for city approval of the company's apartment construction plan, an official said.

At the time Yi concurrently served as chairman of the city's Housing Site Screening Committee and in this capacity he approved Shinhan's plan to build apartments on a former factory site of the Kolon Co., which covered an area of some 10,000 square meters in Susong-tong, though the site was then designated as a cultural and sports district.

In March last year, Shinhan bought the site from Kolon to build a sports center there but then changed its plan because the sports center did not appear as though it would be a lucrative investment. It subsequently asked Yi as chairman of the city's Housing Site Screening Committee to change the zoning from cultural and sports use to residential so that the company could build apartments which it believed would yield big profits.

Shinhan is now building 324 apartments on the site.

Yi was the last central government-appointed mayor of the city as the first local elections were held in late June.

Central Bank Reports Record Account Deficit

SK2807092095 Seoul YONHAP in English 0835 GMT 28 Jul 95

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — The Bank of Korea reported Friday a current-account deficit of 5,789 million U.S. dollars for the first half of 1995, up 124.5 percent from the 2,579 million dollars registered a year earlier.

The figure exceeds last year's entire deficit of 4,530 million dollars and is an all-time half-year high. The previous half-year high was 5,510 million dollars registered for the first half of 1991.

The trade deficit and increased payments of freight and interest overseas are to blame for rise, the central bank said.

The trade deficit soared 156 percent from the year before to 4,189 million dollars, with imports rising 38 percent to 61,738 million dollars and exports increasing 33.6 percent to 57,549 million.

Invisible trade, such as insurance and transportation, also sustained a deficit of 1,640 million dollars in the January-June period, up 42.4 percent from a year ago.

But unrequited transfers, such as remittances of wages and school tuition, both to and from the country, recorded a gain of 40 million dollars.

Exports of the electronics, aircraft, automobile, machinery and steel industries rose 40.9 percent from a year earlier to 40,200 million dollars to back the brisk corporate investment in plants and equipment, which lead the country's exports in the half-year period.

Imports of capital goods, such as machinery, precision instruments and electronics, ascended 41.9 percent to 25,960 million dollars.

Imports of consumer goods also increased sharply: Automobiles 196 percent, coffee beans 129.5 percent and cigarettes 86.6 percent.

While trade with developing countries turned out a surplus of 8,390 million dollars on a customs clearance basis, trade with developed countries incurred a deficit of 15,330 million dollars.

In particular, the trade deficit with Japan rose 39.7 percent to 8,190 million dollars.

A Bank of Korea official said this year's first-half current account deficit was very close to the expected figure, adding, however, that increasing freight and interest payments overseas are expected to rise further during the latter half of this year.

Central Bank Governor Warns of Inflation

SK2807013495 Seoul THE KOREA TIMES in English 28 Jul 95 p 9

[FBIS Transcribed Text] Bank of Korea governor Kim Myong-ho yesterday warned of soaring inflation during the latter half of this year, noting the existence of some underlying negative factors.

Speaking on the future of the Korean economy at a summer seminar in Cheju-to, Kim said the current price stability might be harmed during the latter half if these negative factors come into play. The seminar was hosted by the Korea Human Development Institute.

"Despite the latest economic upturn, price stability has been maintained as a whole. Accordingly, I expect that this year inflation will be reined in within 5.4 percent," he said. Last year, inflation, as measured by consumer price increases, reached 5.6 percent.

However high wage increases, coupled with lavish consumer spending and recovering construction boom, might fuel inflation late this year, the central banker said.

He predicted that Korea's current account imbalance will continue for a considerable while due to the continuing sharp rise in imports. "For this reason, Korea's economic policy should be directed toward achieving price stability and reducing the current account deficit."

Kim told the conference that Korea's economic growth for this year will reach 9.2 percent as the current economic expansion continues.

"The central bank will keep the M2 money supply growth in the range of 12 to 16 percent as initially targeted," Kim said.

Central Bank Provides 'Green GDP' Statistics

SK2707024095 Seoul THE KOREA TIMES in English 27 Jul 95 p 9

[By staff reporter Sa Tong-sok]

[FBIS Transcribed Text] The Bank of Korea yesterday published environmental preservation statistics which will lay the basis for the computation of a "Green GDP (gross domestic product)."

According to the statistics, Korea spent about 5.09 trillion won on building anti-pollution facilities last year, up 16.5 percent from the 4.37 trillion won spent in 1993.

This was 1.67 percent of Korea's GDP of 305 trillion won last year, up 0.03 percentage points over 1993, and similar to the 1.66 percent registered in the United States in 1992.

Government spending on anti-pollution facilities amounted to 2.47 trillion won, accounting for 48.6 percent of the total anti-pollution expenditure. Enterprises spent 2.25 trillion won or 44.2 percent of this and spending by the household sector totaled 367.8 billion won or 7.2 percent.

Provincial governments, which are mostly in charge of establishing and setting up anti-pollution facilities, accounted for 93.8 percent of the government spending with 2.32 trillion won while the central government poured in 152.3 billion won.

Spending on water purifying facilities amounted to 1.46 trillion won, accounting for 59.2 percent of the government spending, and this was followed by that on waste disposal facilities (926 billion won, 37.4 percent).

Investment by enterprises, manufacturing companies took the lead spending 1.55 trillion won or 69 percent of the corporate investment.

Emerging from the environmental mishap that occurred in 1991 when the Doosan Group released phenol into rivers, enterprises have begun to concentrate on upgrading facilities to prevent air pollution and raw industrial waste disposal.

Spending on anti-air pollution and industrial waste treatment by enterprises rose 27.9 percent and 24.7 percent respectively but the proportion of their investment that went into water purifying facilities accounted for 33.3 percent.

"Normally, spending on anti-pollution facilities tends to increase until per capita GDP reaches 10,000 dollars and thereafter it slows," a central bank official said.

But the situation is different in Korea, the official said. "Because Korea has been relatively negligent in investing in anti-pollution facilities, the environmental expenditure will show a continuing rise in Korea even after its per capita GDP exceeds 10,000 dollars," he said.

The central bank said it is necessary to draw up statistics on how much a country spends on anti-pollution facilities before moving on to formulate a Green GDP.

A Green GDP is measured by goods and services produced in a country during a certain period, factoring in costs needed to return the environment to the state it was before their production.

Hyundai, Daelim Win Yonggwang Contract

SK2807115395 Seoul YONHAP in English 1138 GMT 28 Jul 95

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — A consortium of two major local contractors won a contract Friday for the civil engineering of Yonggwang atomic power plants Nos. 5 and 6.

In a competitive bidding held by Korea Electric Power Corp. (KEPCO), the consortium offered 554.2 billion won, 94.9 percent of a preliminary estimate, to grasp the contract.

The two contractors forming the consortium were Hyundai Engineering and Construction Co. and Daelim Industrial Co.

Three other industries also took part in the bidding, which were Tong A Construction Industries Co., Daewoo Corp. and Korea Heavy Industries Co.

Yonggwang plants Nos. 5 and 6, with 1 million kw capacity each, are set for dedication in 2003 and 2004.

Germany's BASF To Build Plant in Ulsan

SK2807010695 Seoul THE KOREA TIMES in English 28 Jul 95 p 8

[FBIS Transcribed Text] BASF of Germany will start constructing a plant in Ulsan, Kyongsangnam-to, in the third quarter of this year, to manufacture 20,000 tons of polyTHF (polytetrahydrofuran or polytetramethylene ether glycol) a year, a company press release indicates.

The plant will be completed in 1988, it said, adding that the Ulsan facilities will increase BASF's worldwide capacity to 63,000 tons.

This expansion is necessary to meet the growing demand in Korea and Southeast Asia, it said.

Over the last 10 years, BASF, the leading German chemical firm, has made major contributions to the buildup of Korea's technology-intensive and highly export-oriented elastomer fiber and special polyurethane industries with unrestricted supplies of fiber-grade polyTHF, the company said.

PolyTHF is mainly used as a raw material in elastomeric fibers with applications in swim- and sports-wear and for thermoplastic polyurethane elastomers (TPuO used for side panels in the automotive sector.)

Daewoo Inks $100-Million Distribution Agreement

SK2207025695 Seoul THE KOREA TIMES in English 22 Jul 95 p 16

[FBIS Transcribed Text] Daewoo Electronics recently concluded an agreement with Globo International S.R.L. of Paraguay for the exclusive distribution of Daewoo products in the South American country.

The three-year contract, estimated to be worth sales totaling 100 million dollars, will involve the distribution of a wide range of consumer electronics, including washing machines, refrigerators and television sets.

Investors Look Into Causes of Sampoong Collapse

SK2607014295 Seoul THE KOREA TIMES in English 26 Jul 95 p 3

[FBIS Transcribed Text] The addition of massive air coolers and other facilities set up in complete ignorance of structural safety on the rooftop and the fifth floor proved to be the direct cause of the June 29 collapse of the Sampoong Department Store in southern Seoul, which killed more than 500 people.

Prosecutors and police jointly investigating Korea's worst peacetime disaster said yesterday that the department store owners remodelled the fifth floor to accommodate restaurants but in the process installed facilities irrespective of structural calculations, which eventually weighed down the one wing of the two five-story shopping and sports center buildings.

Further tipping the structural balance of the building was the addition of massive air coolers on the rooftop, which were required to supply the eateries, which attracted many customers, as well as other floors, with air conditioning.

The findings were part of a mid-term report prepared by prosecutors and policemen on the causes that triggered the collapse. the report blamed faulty workmanship and shoddy construction for the collapse much as anticipated in advance.

As for the process of building the ill-fated structure, the report said that there were no constant inspections as required in pertinent regulations to keep a tab on and ferret out irregular acts related to its construction.

"The general absence of safety and the all-out effort to cut costs in whatever way possible were discovered in the investigation," the report said.

"Each square meter of the fifth floor was overloaded by 360 kg of facilities and gadgets," it said. "The add-ons included a large indoor pond with big boulders and real-size watermills."

Despite the added weight, however, the fifth floor was not structurally enhanced, it pointed out. Once that floor gave way, the whole building, poorly built from poor materials and subpar workmanship, collapsed in a chain-reaction.

The prosecution also found out that there were two separate blueprints: one submitted to authorities to get their approval and the other for actual construction.

The second one contains many arbitrary changes and numerous additions on each floor. A prosecutor said that find will further incriminate the store owners and builders as it represents a systematic plot to fool the authorities.

"Poor and intentional administrative mismanagement added to the fatal mix of faulty construction, causing the building to give way," he said.

House Team Probes Causes

SK2807083895 Seoul YONHAP in English
0653 GMT 28 Jul 95

[FBIS Transcribed Text] Seoul, July 28 (YONHAP) — A special parliamentary team investigating the collapse of the Sampoong Department Store in southern Seoul examined Friday the Seoul district prosecution's probe into the disaster.

The house team was reviewing the prosecution's investigation of alleged collusion between executives of the ill-fated department store and senior public servants, including ward office heads and higher, and urged a thorough examination and punishment for those people involved in the faulty construction of the building which caused the nation's worst peacetime calamity in history.

Members of the probe team, both ruling and opposition, asked the prosecution why they decided to indict Sampoong Chairman Yi Chun and President Yi Han-sang not on charges of homicide through willful negligence, but with homicide through accidental neglect.

Rep. Pak Chu-chon, DLP, [Democratic Liberal Party] noting public sentiments which call their indictment on charges of homicide through willful negligence, asked the prosecution if it would be possible to prosecute them on a more serious charge.

Pak also asked if the prosecution has no plan to investigate Vice Seoul Mayor Kang Tok-ki, who he claims allegedly accepted bribes from Sampoong.

Reps. Yang Mun-hui and Yi Won-hyong (DP), [Democratic Party] urged the prosecution to reveal the results of its investigation of Socho ward office chief Cho Nam-ho, who has been cleared of any suspected wrongdoings, claiming it might have been a preferential decision in view of the fact that he has been elected to the Socho ward's head position on the ticket of the ruling Democratic Liberal Party.

Brunei, Malaysia & Singapore

Malaysia

OIC Recommendation on Bosnia Triggers Debate

Joint Committee Weighs 'Options'

BK2807075295 Kuala Lumpur THE STAR in English 28 Jul 95

[Report by Mergawati Zulkafar — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — A six-member joint committee comprising the foreign and defence ministries met yesterday to consider options on Bosnia-Herzegovina, including the possibility of selling arms to the war-torn country.

The meeting was the first in a series for senior officials from the ministries to consider options available following the Organisation of Islamic Conference (OIC) declaration that the UN arms embargo on Bosnia was invalid.

Foreign Ministry Deputy Secretary General (I) Datuk Halim Ali, who chaired the meeting, said the panel would monitor developments in Bosnia.

"It is still at the preliminary stage. We have the OIC Contact Group's recommendations. We are supposed to examine what each Muslim country can do," he told reporters after the three-hour meeting held at Wisma Putera [Ministry of Foreign Affairs] here.

"We have to look at developments in Bosnia and elsewhere in studying our options before reporting back to the government," he added.

Halim also said further meetings would be held soon but declined to give details.

Foreign Minister Datuk Abdullah Ahmad Badawi announced the setting up of the committee after the last cabinet meeting on Wednesday.

The OIC Contact Group on Bosnia comprising foreign ministers from Egypt, Iran, Malaysia, Morocco, Pakistan, Saudi Arabia, Senegal, and Turkey met last weekend in Geneva and declared the 1992 arms embargo invalid.

Abdullah had said apart from the possibility of supplying arms to Malaysian peacekeepers in Bosnia, the committee would also discuss the possibility of increasing the number of Malaysian troops.

Halim welcomed the United States Senate's vote to force President Bill Clinton to lift the arms embargo on Bosnia.

U.S. Stance on Embargo Viewed

BK2807091495 Kuala Lumpur THE STAR in English 27 Jul 95

[Report by Farid Jamaluddin and Shamsul Akmar — received via Internet]

[FBIS Transcribed Text] Langkawi — Prime Minister Datuk Sri Dr Mahathir Mohammed said the United States had the right to oppose Malaysia's position in the Bosnia-Herzegovina issue but Malaysia too had the right to take its own stand in the matter.

"We will take whatever action we think is right in the matter. There is no need for anyone to tell us what to do," he told reporters here after arriving to officiate the Langkawi International dialogue.

Dr Mahathir was commenting on US opposition to the move by Malaysia and other Muslim countries to defy the UN arms embargo on Bosnia.

US Government spokesman Nicholas Burns said although the United States did not oppose the Muslim countries' stand, it hoped that any action taken would be in accordance with existing UN resolutions. Dr Mahathir said Malaysia would submit an official letter demanding the resignation of UN Secretary-General Butrus Butrus-Ghali.

Meanwhile, the UN Secretary-General's office said it could not respond to Dr Mahathir's remarks because there was no official letter from the Malaysian government, adding that a UN member should communicate officially to the Secretary-General if it felt strongly about an issue.

In Kuala Lumpur, Datuk Sri Anwar Ibrahim rapped the United States for opposing Malaysia's efforts to provide arms to Bosnians, and described the move as an "obstruction of justice."

The Deputy Prime Minister said the United States, which appeared to be incapable of dispensing justice in the Bosnia-Herzegovina crisis should not stop others from pursuing it.

"The US should understand the whole cycle of how the proposal came about. The general belief is that the Serbs are being presented with a free hand to massacre Bosnians," Anwar told reporters after closing the Bahasa Melayu [Malay language] Towards Year 2020 seminar.

Mahathir: Americans Want End to Embargo

BK2807092195 Kuala Lumpur Voice of Malaysia in English 0800 GMT 28 Jul 95

[FBIS Transcribed Text] Leaders of the Western powers should heed the voice of their own people calling for the lifting of the United Nations arms embargo against Bosnia-Herzegovina. Prime Minister Datuk Sri Dr. Mahathir Mohamed said generally, the people in America support the lifting of the UN arms embargo and most people in Europe also support the move. It is only their governments that are not in favor of the move despite the atrocities being committed by the Serbs.

He said this after making a farewell call on visiting Mongolian Prime Minister Puntsagiyn Jasray in Kuala Lumpur.

Commenting on the overwhelming votes by the United States Senate to request President Bill Clinton to lift the arms embargo, Datuk Sri Dr. Mahathir said the problem was that the United States Administration was opposed to the move.

Mongolian Prime Minister Jasray Begins Visit

BK2607142295 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 26 Jul 95

[FBIS Translated Text] Mongolian Prime Minister Puntsagiyn Jasray is now in Malaysia for a four day state visit. He was accorded an official welcoming ceremony at Parliament Square in Kuala Lumpur today.

Upon arrival, he was greeted by Prime Minister Datuk Sri Dr. Mahathir Mohamed and his wife, Datin Sri Dr. Siti Hasmah Mohamed Ali.

Following this, Mr. Jasray inspected a guard of honor mounted by three officers and 103 men from the First Battalion Royal Malay Regiment, led by Major Mohamed Rom Ismail to the accompaniment of the Royal Malaysian Air Force band. The band conductor was Corporal (Air) Zulkifli Ibrahim.

Mr. and Mrs. Jasray were later introduced to Malaysian cabinet ministers and members of diplomatic missions.

Included in Mr. Jasray's 16-member delegation is Foreign Relations Minister Tserenpiliyn and Trade and Industry Minister Tsebegmidiyn Tsogt.

Mahathir, Jasray Hold Talks

BK2707082995 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 27 Jul 95

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed received his Mongolian counterpart Puntsagiyn Jasray at his office in Kuala Lumpur today. During the meeting, which lasted for about one and a half hours, their discussions centered on efforts to step up bilateral cooperation and boost trade and investment, especially in the tourism and mining sectors. Following this, the two leaders attended a bilateral meeting with several ministers from the two countries.

Later, Datuk Sri Dr. Mahathir and Jasray witnessed the signing ceremony for agreements on investment guarantee and the avoidance of double taxation. Malaysia and Mongolia are expected to sign land communications and air services agreements next year.

Speaking at a news conference later, Foreign Minister Datuk Abdullah Ahmad Badawi said that Jasray had expressed his intent to participate in the ASEAN Regional Forum, ARF, in the future. Datuk Abdullah said he will put this forward at the ASEAN foreign ministers meeting in Brunei at the end of the week:

[Begin Abdullah recording] The Mongolian side told our prime minister they are interested in fostering closer ties with countries in the Far East. They want to participate in forums held by multilateral organizations. [end recording]

Commentary Notes Need To Promote EAEC

BK2607075895 Kuala Lumpur Voice of Malaysia in English 0810 GMT 25 Jul 95

[Station commentary]

[FBIS Transcribed Text] Among the many issues to be discussed at the ASEAN Ministerial Meeting, AMM, in Brunei would be the East Asia Economic Caucus, EAEC. The emphasis here would be to look to the best ways to move the caucus forward. An informal dialogue on the EAEC between ASEAN, Japan, and South Korea has been proposed. It is hoped that Japan would this time, be positive in its attitude towards to EAEC.

Japan recently boycotted the ASEAN economic ministers informal dialogue at Phuket mainly because it wanted the proposal to be dropped from discussion. Despite all the explanations by ASEAN leaders, Japan still has reservations over the caucus. This is totally unbecoming of a nation that has the potential to lead the world in the economic arena, but is reluctant to do so. What is perhaps most unfortunate is that Japan's opposition to the caucus does not stem from within Japan. On the contrary it has vehemently opposed the idea mainly because it is afraid to antagonize the United States. The U.S. on its part, wanted to (?move) the Asia-Pacific Economic Cooperation, APEC forum. However, Japan's reluctance toward the EAEC can be explained by the fact that it is hosting the APEC informal leaders summit. Therefore it does not want any other economic grouping to steal the limelight from the APEC meeting in Osaka.

With such a scenario ASEAN has to look into its reserve to bridge difference in the potential members of the EAEC. There is so much going for the East Asian countries which is why there is a need to have platform to discuss common economic issues. Having the fastest growing economies in the world, the platform to meet together would perhaps be the best antidote to further accelerate the regional economy. Also, as trading partners frictions are bound to crop up now and then, which can be resolved through EAEC. The EAEC would thus provide an ideal forum to overcome such impediment to both trade and investment. After all East Asian countries have the right to determine their economic destiny themselves. There is no reason to fear or to be subservient to other economic powers.

Some of the powers have formed trading blocs and set up common markets without even consulting East Asian countries. The protectionist tendencies of these trading blocs have already manifested through artificial trading barriers to nonmembers. In contrast the EAEC would not be a trading bloc but rather, be a loose consultative forum for East Asian countries to come together and discuss common economic issues. Thus there is a lot to be gained.

The EAEC, among other things, could help to realize a World Bank projection that East Asia would be home to a sixth of the world's biggest economies led by China. Surely, it would spur extensive linkages and bring about immense benefit to all member countries particularly, and the good of the world in general.

The EAEC presents a unique opportunity for countries in the region to come together and provide the best to regional prosperity. It is an opportunity that should not be missed because of heroical interest.

Mahathir on 'Vital Role' of Foreign Investors

BK2707083095 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 25 Jul 95

[FBIS Translated Excerpt] Datuk Sri Dr. Mahathir Mohamed says that foreign investors will continue to play a vital role in the transformation of Malaysia for at least the next 10-15 years. The prime minister said, however, that their role will diminish once domestic entrepreneurs master these industries and assume the role of domestic investors. Over time, domestic entrepreneurs who master these industries will contribute to the country's growth. They will have the capital, expertise, and the marketing network. They will also grow very big.

He said this in an interview published in a book called Malaysia Incorporated under the subtitle Emerging Asian Economic Powerhouse. The prime minister launched the book in Kuala Lumpur today. [passage omitted on launching of book in other cities]

Cambodia

Khmer Rouge Question Aim of Christopher Visit

BK2807092395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 27 Jul 95

[Unattributed commentary: "Warren Christopher Is Making a Trip to Cambodia and Vietnam at a Time When U.S. Forces Have All Been Dissolved; Will the United States Continue To Brownnose Communist Vietnam or Seek Other Ways To Place Its Real Forces in Cambodia?"]

[FBIS Translated Text] It has been reported that U.S. Secretary of State Warren Christopher will stop over in Phnom Penh during his coming trip to Vietnam.

It is noteworthy that Warren Christopher is going to meet with the communist Vietnamese leaders against the following scenario:

1. The forces the United States and other villainous Western allies had integrated with communist Vietnamese for continuing the communist Vietnamese war of aggression have all been dissolved.

2. The two-headed government has only one head left, that is, the monopolistic communist Vietnamese head. The communist Vietnamese have dissolved the Para forces [former noncommunist resistance forces] and His Excellency Son Sann's Buddhist Liberal Democratic Party. As for Ranariddh, he has knelt down and prostrated himself at Hun Sen's feet. He plays his role as a communist Vietnamese lackey, and acts only at the orders of the communist Vietnamese and Hun Sen — the communist Vietnamese puppet.

In such a situation, people have asked: Is Warren Christopher continuing to brownnose communist Vietnamese or is he seeking another way for the U.S. to place its own forces in Cambodia?

On this occasion, the Cambodian nation and people wish to again inform him of the following:

1. The Cambodian nation and people have the full right to decide their own destiny and will be resolute in defending this sacred right.

2. The Cambodian nation and people desire to achieve genuine national reconciliation and peace. The Cambodian nation and people want all political personages who think of national interests to jointly govern the country.

Only by doing so can the deteriorating national and social problems be gradually resolved, and (?everyone will profit) in Cambodia and this region.

For the past 16 to 17 years, the communist Vietnamese have failed to kill the Cambodian nation and people. Later, UNTAC [UN Transitional Authority in Cambodia] and the villainous Western alliance also failed to do this. They will never be able to kill our nation and people for many more years to come. Why? This is because the Cambodian nation and people have joined hands with Democratic Kampuchea and the Provisional Government of National Union and National Salvation to resolutely defend and save the nation. The Cambodian nation and people have jointly struggled against the communist Vietnamese strategy to annex Cambodia, foiling and defeating it. They have been able to defend the Cambodian nation and race until today. They have attacked, thwarted the strategies of UNTAC and villainous Western alliance, and prevented them from smashing the Cambodian national resistance forces. They have attacked and defeated the strategies of the communist Vietnamese and villainous Western alliance in using the two-heads as the smokescreen to deceive the national and international opinion.

All these experiences clearly show that the struggle waged by the Cambodian nation and people to end the communist Vietnamese war of aggression and restore genuine national reconciliation and peace will be definitely successful.

Sihanouk To Return in Time To Meet Christopher

BK2807090495 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 28 Jul 95 pp 1, 2

[Report by Ms. Thma Da]

[FBIS Translated Text] A high-ranking official at the royal palace said His Majesty King Norodom Sihanouk and Queen Monineat Sihanouk will return from Beijing to Cambodia at the beginning of the first week of August after the king's last medical treatment.

This official added that the king's health is very good and that he will probably remain in Cambodia for good if he is not affected by illness. He further said that Chinese doctors have cured the king of the disease.

During his medical treatment in Beijing the king produced a film entitled "Flower of Vietnam" depicting the friendship between a Vietnamese woman diplomat named Nguyen Thi Thi and a Cambodian general named Chanthu, a fighter pilot, while the two were studying in France.

In fact, General Chanthu was a former deputy commander of the Royal Cambodian Air Force. He died last March when the plane he was piloting crashed in Kompong Thom Province.

According to this royal palace official, King Norodom Sihanouk will spend a lot of time in the country so that he will be able to visit or distribute aid to his children and grandchildren who are facing food shortages, particularly in the northwestern part of the country. The king will also inaugurate various achievements nationwide.

[Hong Kong AFP in English at 0825 GMT on 28 Jul in a Phnom Penh- datelined report adds: "Cambodian King Norodom Sihanouk is to return to Phnom Penh on August 3 in time to meet visiting US Secretary of State Warren Christopher who arrives here the following day, a senior government official said Friday.

"The King is currently in Beijing undergoing medical treatment. He had been expected to return to Cambodia in the first two weeks of August, but a definite date was not finalized until Friday.

"The official said the king decided to return August 3 in order to meet with Christopher who will make a one-day stop in Phnom Penh on his way to Vietnam from the Association of Southeast Asian Nations conference now being held in Brunei."]

Ing Huot Seeks ASEAN Membership in 2 Years

BK2707071195 Bangkok BANGKOK POST in English 27 Jul 95 p 9

[Report by Phanrawi Tansupphon]

[FBIS Transcribed Text] Cambodia wishes to become a full member of the Association of Southeast Asian Nations [ASEAN] within two years, Cambodian Foreign Minister Ing Huot said yesterday.

Speaking to reporters upon arriving at Brunei's airport, Huot said Cambodia's full membership "depends upon the situation of our people because we have to prepare ourselves in terms of human resources and economic development."

Huot was the first minister to arrive for the 28th annual meeting of the ASEAN foreign ministers and their dialogue and consultative partners, and observer countries, starting this Saturday through August 3.

He is due to ratify the Treaty of Amity and Cooperation tomorrow evening, when Vietnam will be admitted as a full member.

"We are very excited and happy at the first meeting that we will become the observer of ASEAN on July 28. Cambodia is very thankful to all ASEAN members which accept us as observer," said Huot.

He said Cambodia was prepared to train its personnel to work with the various ASEAN committees. The timing of its admission as full member was "flexible" but

ASEAN had expressed a wish that Cambodia join as soon as possible.

The minister commented that it was time for the three Indochinese countries — Cambodia, Laos and Vietnam — to become members of ASEAN. Mainland Southeast Asia had long been separated by the Cold War ideological divide.

ASEAN does not want to see Vietnam, Laos and Cambodia remain in poor condition, but on a par with other ASEAN countries economically and politically, Huot said.

He commented that the situation in Burma was improving since the release of dissident leader Aung San Suu Kyi and with Burma's accession to the Treaty of Amity and Cooperation at this year's ASEAN meetings.

Burma is part of the 10-nation ASEAN, and ASEAN will welcome Burma's action, Huot said.

The minister also said Cambodia was on the road to rehabilitation and reconstruction. There were many things that it could learn from ASEAN which have helped Cambodia during the peace process.

Phnom Penh is looking forward to closer cooperation with ASEAN in terms of infrastructure, economic, social cultural and educational development.

Loy Simchheang Receives Lao Assembly Chairman

BK2507145495 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 25 Jul 95

[FBIS Translated Text] On the morning of 25 July, His Excellency [H.E.] Loy Simchheang, acting chairman of the National Assembly, received H.E. Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic, and his delegation. They are on a fact-finding visit to Cambodia.

Present at the meeting were H.E. Son Soubert, second vice chairman of the National Assembly; the excellencies chairmen of the nine assembly committees, and H.E. Khan Sima, the assembly secretary general.

H.E. Loy Simchheang briefed the Lao National Assembly delegation about the procedure and process used by the Kingdom of Cambodia's National Assembly to establish diverse legal systems based on the spirit of national reconciliation and on the principle of multiparty liberal democracy.

The meeting was held in an atmosphere of friendship, cordiality, and common interests with H.E. Saman Vignaket proposing the creation of a Lao-Cambodian friendship association as well as a friendship association between the two countries' National Assemblies. The proposal was welcomed and accepted with pleasure by the Cambodian side.

Lao Assembly Chairman Departs

BK2707135295 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Jul 95

[FBIS Translated Text] The high-level delegation of the Lao People's Democratic Republic's National Assembly led by its chairman, His Excellency [H.E.] Saman Vignaket, which arrived in Cambodia on 24 July has successfully concluded its visit and departed Phnom Penh at 1000 this morning.

Seeing the Lao delegation off at Pochentong International Airport were H.E. Loy Simchheang, acting chairman of the National Assembly; H.E. Son Soubert, second assembly vice chairman; many MP's; H.E. Chhim Siekleng, delegate of the Royal Government to Phnom Penh City, and several officials from the assembly secretariat.

Indonesia

Udayana Commander Reviews East Timor Situation

BK2707111895 Jakarta FORUM KEADILAN in Indonesian 31 Jul 95 p 105

[Interview with Major General Adang Ruchiatna, commander of Udayana Military Command, by FORUM KEADILAN Correspondent Tony Hasyim in Jakarta, date not given]

[FBIS Translated Text] **How is the situation in East Timor from the security, economic, and sociopolitical point of view?**

The current situation there can be viewed in any way one likes. When you look at it with a clear mind and objectively, you will agree that the situation in East Timor is much better now when compared to the past. Even if you compare with some districts in Indonesia, I am sure that we can be proud of the security, sociopolitical, and economic situation in East Timor.

How serious is the threat and disturbance brought by the armed and clandestine groups of the GPK [security disturbance movement]?

What is the yardstick for measuring the size of the threat? If we measure it in physical terms, it is small. Brother! The seriousness of the threat is nonphysical. The actual threat is the people's separatist ideas and aspirations. We will not deal with this in just a moderate way because they are still a latent threat to us.

Precisely, what is the total number of military personnel in East Timor?

Why do you ask this question? I get the impression that you have been influenced by foreigners' way of thinking in analyzing the presence of military personnel in one area. Remember brother, the security aspect is not based on the size of the ABRI [Armed Forces of the Republic of Indonesia] force. So do you think that the presence of ABRI members in the legislative circle is because it is not safe there? No, this is not true, brother!

Our presence in East Timor is due to our concern [preceding word in English] for the implementation of development there. We have been asked to help and trigger development speed in the province to rid the area of backwardness and catch up with progress achieved in other provinces in Indonesia. Considering that development programs have been well implemented and the situation has improved, ABRI plans to withdraw soon two out of the seven battalions stationed in the province.

How is the people's participation in sociopolitical life?

Good! Even though there is an assumption that political life in East Timor is still marked by the influence brought about by the remnants of the defunct party [Revolutionary Front for an Independent East Timor, or Fretilin], that is true. But this is only a small and ordinary matter. However, the current general sociopolitical life in East Timor is good. Otherwise it would be impossible for the government to issue the order on the implementation of a general election in 1997 together with the rest of Indonesian provinces. Like in other provinces, many new organizations have emerged in East Timor and there are about 65 types now. This week, an organization called the "Integration Supporters Youth Movement" will be established.

What about religious life and interethnic relations?

As far as I know, no matter where it is, there is always a potential for conflict. This is related to the issue on SARA [subjects on ethnic problems, religious and social issues, and imbalance of equality in society]. George Thomas Kurian says in *The Book of World Ranking* that as a result of an observation, experts say that out of the 135 countries, the heterogeneity in Indonesia gets 119th place. This means the aspect of life in Indonesia is very heterogeneous, especially in connection with SARA. But, in reality we are firmly united.

Some nongovernmental figures like Siti Hardiyanti Rukmana [President Suharto's daughter] and Maya Rumantir [singer] have made some approaches to the East Timorese people. Do you think the people will respond to the efforts?

As far as I am concerned, the response is good. But the goodwill and assistance should not be overly compartmentalized and be judged unproportionally. However, the effort and performance by the two women should definitely be mutually benefiting.

In 1933, an expert Luise Diamond and Ambassador John McDonald popularized the Multi Track Diplomacy [three preceding words in English] typology in efforts to solve conflict and to seek peace settlement. Two out of the nine channels in the typology are through diplomatic channels and through the personal involvement of individuals. Thus this is the channel that is being adopted by Siti Hardiyanti Rukmana. She is using the Portugal-Indonesia Friendship Association as the tool. Maya Rumantir uses her song — Indonesia's Ten Walks — as a practical approach to instill national values and faith in the people.

How successful are the territorial operations carried by ABRI so far?

Perhaps, it would be more accurate and objective to go to East Timor and witness the achievements personally. I can give you an account of the achievements in terms of quantity, but it is still uncertain whether or not the people still doubt ABRI's credibility and the validity of the development assessment.

In the relations between the government officials, the ABRI, and the bishop, who should be the spearhead in providing guidance and developing the people of East Timor?

Normally we coordinate with one another, especially in carrying out development programs that involve the East Timorese. Now is not the time for power competition any more. We use the trident as a spearhead to develop and guide the East Timorese. So all the spearheads are suitable for solving each particular problem. But the inevitable spearhead is the people developed by the area government.

Philippines

Ramos Orders Closer Monitoring of Spratlys

BK2707110495 Manila MANILA STANDARD in English 22 Jul 95 p 2

[Report by Joem H. Macaspac]

[FBIS Transcribed Text] President Ramos yesterday ordered the Armed Forces to intensify its patrol operations in the Spratly Group of Islands to prevent foreigners from building structures and markers in the reefs.

Mr. Ramos issued the order after receiving disturbing reports that new structures have been erected in the area.

Some of these structures, the Armed Forces said, were built by the Chinese.

Mr. Ramos' order to intensify the military's monitoring activities in the Kalayaan Island Group, a portion of Spratlys claimed by the Philippines, came despite efforts by the Philippine Government to improve its relations with the People's Republic of China (PROC).

The PROC is also claiming the Spratly group. Other claimant nations are Brunei, Vietnam, Malaysia, and Taiwan.

Military intelligence has been having difficulty tracking foreign vessels intruding into the Kalayaan Islands as many of these ships enter the Philippine territory during heavy rains.

The military's predicament is made doubly difficult by its old radar and other tracking equipment.

President Ramos, however, ordered the military's Western Command to "make do with what you have" and coordinate with the Philippine Navy which can supply more patrol boats.

The Ramos government has consistently protested Chinese intrusions into the Kalayaan Islands. The Chinese have claimed that the Kalayaan Island falls inside its 200-mile exclusive economic zone.

Chinese fishermen have been known to poach regularly in the Kalayaan Group, capturing fish and other marine resources, including endangered species like giant turtles and corals.

But Mr. Ramos said the Philippines will seek a peaceful resolution of the Spratlys dispute.

He proposed that all claimant countries jointly develop the area and exploit its natural resources.

However, Mr. Ramos said that the government will not reduce troops in Palawan Island.

He said the Filipino troops there are not an aggressive force but a "protective one to make sure that Philippine sovereignty and territorial integrity is defended."

ASEAN Supports Manila Position on Spratlys

BK2707044195 Quezon City Radio Filipinas in English 0230 GMT 27 Jul 95

[FBIS Transcribed Text] Senior diplomatic officials of the Association of Southeast Asian Nations, ASEAN, Wednesday [26 July] expressed unanimous support to the Philippine Government in its bid for the peaceful settlement of the disputed Spratly group of islands. Foreign Affairs Undersecretary Rodolfo Severino reported that the ASEAN senior officials' meeting concluded Wednesday on an optimistic note particularly with its five-member countries — Thailand, Malaysia, Brunei, Indonesia and Singapore — standing by their earlier position on the South China Sea issue. The undersecretary said the ASEAN senior officials had updated one another on the current situation in the South China Sea with the Philippine delegation explaining its bilateral talks being held with China on this matter.

Ramos Signs Order Revamping Tariff Structure

New Tariff Schedule Outlined

BK2807075695 Manila MANILA BULLETIN in English 23 Jul 95 p B-1

[Report by Bernie A. Cahiles and Delfin Sd. Perez]

[FBIS Transcribed Text] President Fidel V. Ramos yesterday signed Executive Order [E.O.] No. 264 further liberalizing the country's economy through a wide-ranging tariff reduction program to be carried out between 1995 and the year 2000.

Although the E.O. largely retained the tariff rates approved by the National Economic Development Authority (NEDA) Board last July 5, it inserted last minute adjustments on the rates for vital agricultural inputs and packaging materials following strong protests from the agri-business sector.

On the other hand, the E.O. failed to accommodate the demand of the petrochemical sector for higher tariff protection for polypropylene and polyethylene products.

Although Socioeconomic Planning Secretary Cielito F. Habito affirmed the government's commitment to the establishment of a local petrochemical industry, he explained that the concerns on its viability would be addressed through non-tariff means.

Broadly, the E.O. prescribes a four-tiered structure with a 3 percent minimum and a 30 percent maximum and a phased reduction of tariffs toward two levels of only 3 percent for raw materials and 10 percent for finished products by the year 2003.

This tariff structure paves the way for a uniform tariff rate of 5 percent by the year 2004.

Trade and Industry Secretary Rizalino S. Navarro said the new scheme represents the "greatest good for the greatest number, where the needs of the poor, particularly farmers, have been balanced with the need for continued viability and increasing competitiveness."

Habito said the measure does not only pursue the outward orientation of the Ramos administration but is also a "reflection of the government's sensitivity to the concerns of the different sectors."

Giving in to the demands from the agri-business sector, the E.O. approved a uniform 3 percent rate on vital agricultural inputs such as fungicides, herbicides, pesticides, and disinfectants instead of the original prescribed rates of 10 percent for 1995-1997 and 3 percent for 1998-2000.

At the same time, made-up fishing nets, which were originally given rates of 30 percent for 1995-1996, 20 percent for 1997-1999, and 10 percent for 2000 are now imposed a 20 percent rate for 1995-1998 and 10 percent for 1999-2000 under the revised structure.

Packaging materials like sacks and bags of other plastics other than aseptic bags, originally assigned rates of 30 percent for the first three years and 20 percent for the remaining three years are now given 30 percent rate for 1995 to be reduced to 20 percent for 1996-1998 and 10 percent for 1999-2000.

Other products like stoppers, lids and other closures, together with paper or paper board labels of all other kinds with original rates of 30 percent for the first three years and 20 percent for the rest of the period, now all have only 20 percent for three years and 10 percent for the remainder of the period.

On consumer durables, except for chest freezers, whose tariff rates are being further reduced to 10 percent by January 1,1996, rates on food processors and on certain types of sewing and washing machines have been made consistent with the guidelines set by the Tariff and Related Matters Committee.

Among the petrochemical products, polyethylene and polypropylene, which were originally pegged at 10 percent for the first two years and 20 percent for the remaining four years, will now have a uniform 10 percent for the entire period.

The government hopes to come up with additional incentives like Net Operating Loss Carry Over (NOLCO), accelerated depreciation and more favorable credit arrangements to supplement the industry's loss of tariff protection.

Justifying the tariff cut, Habito explained that supporting the petrochemical industry "need not be made at the expense of the downstream industries."

Order Liberalizes Auto Imports

BK2807094095 Manila MANILA BULLETIN in English 23 Jul 95 p B-1

[FBIS Transcribed Text] The importation of brand new vehicles is now liberalized following the signing by President Ramos of Executive Order [E.O.] 264, which further lowers the country's tariff structure.

Trade and Industry Secretary Rizalino S. Navarro said the government's liberalization scheme is expected to generate keen competition in a free market economy and eventually lower the prices of brand new cars.

"This will pave the way for the entry of the American Big 3 — Ford, GM, and Chrysler — as well as European car makers, in the Philippine market," Navarro said.

Navarro said the liberalization was in preparation to the overall efforts of the Board of Investments (BOI) to integrate the Philippine automotive sector globally and to develop a viable automotive parts manufacturing industry for exports.

Under the approved E.O., the domestic automotive industry would have a 37 percent tariff protection, based on a 40 percent tariff for completely-built-up passenger cars and three percent for completely-knocked-down [CKD] packs.

Already, the BOI has approved the revised guidelines governing the Motor Vehicle Development Program (MVDP) to align existing rules to the government's market liberalization thrust.

Under the revised guidelines, the BOI opened all categories in the vehicle program, exposing the existing assemblers to foreign competition.

Specifically, the BOI opened Categories 1 and 2 under the Car Development Program (CDP).

Category 1 refers to the assembly of People's Car or those with engine displacement of 1.2 liters and below, while the Category 2 covers the assembly of mid-range cars.

In addition, the BOI also opened Category 2 under the Commercial Vehicle Development Program (CVDP), which covers the assembly of light commercial vehicles.

Existing categories for two-wheel and four-wheel drive of the Motorcycle Development Program (MDP) were also opened to new players.

Navarro said a new category for fire trucks has been created to address the need for locally-assembled fired trucks.

Moreover, the retail prices of all types of motor vehicles except for People's Cars will be determined by market forces. The BOI will instead limit its function to price monitoring.

Assemblers are now also free to field any variants they want and model retention shall be attuned to the change in models in the country of origin of these models.

Navarro further said the BOI requirements in foreign exchange self-sufficiency and local content would remain and might be further increased.

The revised guidelines further provided that importation of all types of brand new CKD motor vehicles, including cars, vans with seating capacity of less than 10 persons, and motorcycles will be allowed after the issuance of the corresponding Bangko Sentral ng Pilipinas [Central Bank of the Philippines] circular.

Government Unveils Locally Designed Aircraft

BK2707123395 Manila BUSINESS WORLD in English 24 Jul 95 p 26

[Report by Larina G. Perez]

[FBIS Transcribed Text] Government has announced it has designed the first Filipino aircraft and is ready to manufacture it for commercial use. This development can only mean that after 22 years, the Philippines is finally going where Asian neighbors have long specialized in: aerospace development.

Philippine Aerospace Development Corp. (PADC) president Prudencio M. Reyes, Jr. said the first Philippine-made aircraft will be a seven-seater, single-engine plane similar to the Islander. Its size is suitable for island-hopping and short takeoff and landing, and can be accommodated in many local airports.

Specifically, the aircraft has the following design specifications: single 350-horsepower (hp) super turbocharged piston engine which is a low-technology model; high wing short takeoff and landing capability which will enable it to land in short runways; and, convertible cabin from all-passengers to all-cargo or both.

Its material is made of composite metal or pure aluminum. It has maximum takeoff weight of approximately 5,000 pounds, a range of 500 nautical miles, and an operating altitude of 10,000 feet.

Mr. Reyes said the aircraft, yet unnamed, will have the following capabilities: for use of paratroopers; for air taxi; for aerial photography; agricultural spraying; land surveying; firefighting; and, reconnaissance.

Officials said PADC has been unable to accomplish the task of fashioning out a Filipino aircraft because of the lack of financial backing from the government. But Transportation and Communications Secretary Jesus B. Garcia announced over the weekend that the Department of Transportation and Communications (DoTC) will be providing a P [pesos] 50-million seed money for the complete design and market study of the first Philippine-made aircraft.

Mr. Reyes said PADC plans to complete the 20 prototypes of the aircraft within two years. By the first year, PADC will have been able to finish the aircraft's engine design, he said, and commercial production is scheduled for the year 2000. He, however, said the aircraft will not be 100% made by Filipinos. He said 20% of the plane, particularly its engine, will be manufactured by foreigners. He said it will be much more expensive if the Filipinos manufacture the engines themselves.

The DoTC will coordinate with the Department of Science and Technology (DoST) in this venture. Science and Technology Secretary William G. Padolina said, "We may need to import technology from Russia, France, or the United States. It's achievable but it's not going to be easy."

PADC's project may strike some observers as anticlimactic. After two decades of foot-dragging, all it can come up with is a small, seven-seater aircraft. Indeed, the first Filipino aircraft pales in comparison with the projects being undertaken by other Asian countries.

South Korea, for instance, earmarked $308.6 million to develop an 80-seater plane by 1998. Samsung Aerospace Industries Ltd. signed a memorandum of understanding with Aviation Industries of China to develop a 50 to 100-seater plane with a manufacturing target date of 1998.

Daewoo Heavy Industries, Inc., formed a consortium with Singaporean, Chinese, and Indonesian partners to develop a 100-seat passenger plane. Hyundai Precision Industries Co. Ltd. organized a joint venture aircraft company with YAK Aircraft Corp. of Russia to develop and manufacture a 70-seater and 150-seater aircraft in 1996.

In Jakarta, the leading Asian aircraft manufacturer, Indonesia's state-owned Nusantra Aircraft Industries (IPTN), headed by science and technology minister B. J. Habibie, has sold more than 200 aircraft of various types in Indonesia and more than 50 planes for the international market. The company has been manufacturing airplanes and aircraft parts in joint venture undertakings with foreign companies.

PADC, on the other hand, has from time to time been manufacturing spare parts for various foreign companies and putting them together. Its track record reveals that it was able to assemble 44 BO-105 helicopters from 1974 to 1981; 67 BN Islander aircraft from 1975 to 1989; 18 Agusta S-211 trainer jets from 1989 to 1992; and, 10 vertical fins for the SFF 260 trainer. PADC also provides after- sales service support and repairs for various aircraft types and helicopters.

Although PADC's latest undertaking is modest by Asian standards, the government believes that it is a worthwhile start. "We may fail, or we may succeed later. But at least we have started now," said Secretary Garcia.

Thailand

U.S. Accused of Violating MFN Principle

BK2807045395 Bangkok THE NATION in English 28 Jul 95 p B1

[Report by Wichit Chaitrong, Chirawat Na Thalang]

[FBIS Transcribed Text] The U.S. decision to opt out of the World Trade Organization's [WTO] interim agreement on financial services announced in Geneva has resulted in the body's clout being weakened, a Thai official commented.

The United States did not join the interim accord which was endorsed by nearly 100 countries, reasoning it was still unhappy with offers from some developing country WTO members.

An official from the U.S. Embassy in Bangkok said, "Our position is quite clear. If our proposal has not received an adequate response from member countries, we cannot agree to keep our markets open on a most favoured nation [MFN] basis."

The U.S. already has a relatively open financial services market, but by opting out of the accord, it reserves the right to close its markets to countries it believes are too protectionist.

However, the Thai source who participated in the Geneva talks said the U.S. is violating the Most Favoured Nation principle, a key part of the Uruguay Round of trade talks.

"By not participating in the interim financial service agreement, the U.S. might decide to talk face-to-face with developing countries such as Thailand for a reciprocal deal. The pressure on us will be even greater," the source said.

The interim financial services accord will last until the end of 1997, when a new agreement will be negotiated — this time, members hope, with the United States on board.

"But the U.S. will benefit from the interim deal because the U.S. is a member of the WTO," the Thai source said. The deal requires members to open financial markets to all other WTO countries, the source added.

Prior to the interim agreement, the U.S. treasury had entered into several rounds of talks with Thailand to unlock existing barriers to U.S. financial institutions. As the talks were going on, the U.S. treasury claimed the highest priority for the U.S. was the multilateral agreement.

The U.S., however, shocked other WTO members by pulling out of the talks last month.

Asked if, from now on, Washington would continue to try and pry open the financial services market in Thailand on a bilateral basis, the American official declined to speculate.

He only stressed that, "We did not talk about any specific country but we talked about the overall package, and the whole perspective of the financial services agreement."

U.S. To End Probe of Alleged Export Subsidies

BK2807074695 Bangkok BANGKOK POST in English 28 Jul 95 p 32

[Report by Somphon Thaphanachai]

[FBIS Transcribed Text] The United States will halt investigations into alleged Thai government subsidies of exports, according to lawyer Phonphrom Kanchanachari.

Six export categories were previously under investigation by the U.S.: apparel, butt-weld pipe fittings, malleable iron pipe fittings, pipes and tubes, rice and steel wire nails.

The decision is expected to ease concerns of Thai exporters that their products might be subject to countervailing duties imposed by the U.S..

Countervailing duties are imposed by importing countries to offset the effects of subsidies by exporting countries. They are also used as a balance against similar tariff structures in place in the exporting country. The duties are imposed in addition to the normal tariffs assessed on an imported product.

Government subsidies are used to aid businesses or to keep product prices at levels below market costs. In addition, subsidies can be used to protect local industries against foreign imports, or to help boost the competitiveness of exports in foreign markets.

Indirect subsidy programmes, where price floors are established for a product while simultaneously restricting import amounts, are also widely used by countries to protect local industries.

The World Trade Organisation [WTO] Committee on Subsidies and Countervailing Measures, now chaired by Norway, has understood that sometimes developing nations or those reforming their economies need subsidies.

However, the committee holds that subsidy programmes which injure trading partners are against the principles of free trade.

WTO procedures stipulate that before countervailing duties can be imposed, importing countries must prove that the exporting country instituted tariffs to ship cheap products abroad. The importing country must also show that such products damage its local industries.

Mr Phonphrom, a specialist in international trade law, said the investigations would be effectively revoked next week, when the U.S. Department of Commerce officially announces the stoppage in the Federal Register of the U.S. government.

The withdrawal of these six cases came during the stage of injury testing. In the past, the U.S. did not conduct injury tests on Thai imports, because Thailand was not a signatory of the Dumping and Subsidies Code under the General Agreement on Tariff and Trade.

Subsidy investigations are generally conducted in two stages — the injury investigation and the subsidy margin investigation. However, this is true only for those countries which have ratified the code.

For countries which are not signatories, an investigation only into the subsidy margin will be conducted.

As Thailand was not a member of the Dumping and Subsidy Code, the U.S. initiated an investigation only to calculate the subsidy margin on Thai products. But after the establishment of the WTO on January 1 this year, all WTO members automatically became subject to the subsidy agreement. This resulted in the initiation of injury tests for cases already under a subsidy margin investigation.

U.S. industries had been granted six months from January 1 to request an injury investigation if their industries had been damaged by imports from Thailand.

The damaged industries were to submit their petitions to the U.S. Department of Commerce by June 30. Only two industries—steel wire rope and ball bearings — asked for injury tests in this period.

Mr Phonphrom said the Thai government, through the Department of Foreign Trade, made a strong effort to prevent Thai exporters from facing high countervailing duties. The dumping margin on these products was calculated to be less than 5 percent.

Dailies View U.S. Drug Charges Against Ministers

BK2807105495

[FBIS Editorial Report] Two Bangkok vernacular dailies — THAI RAT and KRUNGTHEP THURAKIT — on 28 July carry an editorial and column respectively commenting on the reported rejection of U.S. visa applications of several Thai politicians including two members of the newly appointed cabinet of Prime Minister Banhan Sinlapa-acha.

THAI RAT's 400-word editorial, on page 3, entitled "The Thai With the Heart of a Slave," cites the meeting between new Foreign Minister M.R. Kasemsamoson Kasemsi and outgoing U.S. Ambassador David Lambertson early this week to settle the controversy over Thai politicians who had their U.S. visa applications rejected on suspicion of their involvement in international drug trafficking. It says: "The dubious situation has become much more transparent now. It appears that the U.S. itself is reluctant to disclose any evidence or information to substantiate the accusations. In this connection, Colonel Thanat Khoman, former foreign minister and former Democrat Party leader, sent a letter to Nicholas Burns, U.S. State Department spokesman, strongly criticizing his insubstantial accusations against Thai nationals. Commenting on the issue, Senate President Michai Ruchuphan said the Thai people are too submissive and have allowed the United States to dictate to them."

The editorial continues: "Narcotics trafficking is a serious and unpardonable crime against humanity. The strong reaction from the two prominent Thai figures is noteworthy. Both Col. Thanat Khoman and Michai Ruchuphan probably have 'fairly reliable' information in their hands. Otherwise, they will not dare risk their credibility to defend the accused persons."

In conclusion, the editorial notes: "The controversy is nearing its end. The government of Prime Minister Banhan Sinlapa-acha should take all the necessary action to bring the truth into light and prove whether the Thai politicians are really involved in drug trafficking or whether the U.S. accusations are groundless."

KRUNGTHEP THURAKIT's 500-word "Catching the Current" column, on page 20, entitled: "The Verdict From Washington," says: "There are at least two points to consider in the U.S. drug charges against Thai politicians.

"First, Washington's refusal to grant visas to some Thai politicians for their alleged involvement in the drug trade has either prevented them from being appointed to the cabinet or tarnished their reputation and that of their families after they manage to obtain ministerial portfolios. It is an act of dishonor against Thailand.

"Second, the insubstantial U.S. drug charge is nothing but a scheme to specifically 'discredit' the Chat Thai-led coalition government.

"The accusation is like a 'verdict' delivered by Washington on the Thai politicians without going through the legal process."

The column continues: "There is no provision in any agreement between the two countries or Thai law stipulating that a person cannot be appointed as a cabinet member if his U.S. visa application is rejected."

"Banhan Sinlapa-acha should not worry if he is confident about the honesty and sincerity of those politicians.

"As a matter of fact, there is certainly something behind the story of the refusal of U.S. visas for some politicians"

"It is a ploy concocted by politicians of a certain faction within the government."

Surakiat To Push ASEAN on Common Market

BK2607114395 Bangkok THE NATION in English 26 Jul 95 p A2

[Report by Charuwan Loetwinyu]

[FBIS Transcribed Text] Finance Minister Dr Surakiat Sathianthai said he would push for closer economic cooperation among ASEAN members to bring a proposed ASEAN common market closer to reality.

Moreover, he said that the Finance Ministry would support an initiative to expand ASEAN economic cooperation from manufactured goods to new sectors, especially labour and in-trade services.

The Fiscal Policy Office has been assigned by the new finance minister to study ways to liberalize the service market among ASEAN countries as soon as possible.

Surakiat was speaking yesterday as senior ASEAN officials started their second day of talks in Brunei.

The Thai initiatives on the proposed financial service pact and the common market have so far received a lukewarm reception from other ASEAN members, a ASEAN diplomat said.

Surakiat was expected to lobby ASEAN members in an attempt to get them to realize the benefits from the prospective service liberalization package.

The sooner they open the market, the sooner they would gain from its benefits because they would be able to enjoy special privileges from other ASEAN members, the minister said.

The liberalization would start first with the financial market and then include the capital market. Surakiat declined to give more information but said that the Finance Ministry would have to study the package in more detail.

He said that other ASEAN countries should not be worried that the ASEAN financial agreement would prompt the World Trade Organization's [WTO] developed countries, which were not ASEAN members, to press ASEAN for a similar agreements.

He said one of the WTO's provisions allowed member countries to offer business concessions among regional groups without violating WTO regulations.

ASEAN members have planned to open up their financial markets to all WTO members, under the General Agreement on Trade and Tariffs framework, from 1997.

He said that ASEAN members should form inter-business organizations to exchange essential information among members.

He said that the future liberalization package would follow a financial master plan, which was written during the tenure of former finance minister Tharin Nimmanhemin.

"Among ASEAN countries, the country's status in financial services is second only to Singapore. And we want to see ASEAN members build up an economic cooperation from the present ASEAN Free Trade Area (AFTA) to a common market." he said.

For instance, Surakiat said that ASEAN members should allow freedom of movement of professional people from one ASEAN country to another.

He said that as far as the Fiscal Policy Office study has shown, the earliest date for the planned ASEAN service liberalization programme could be next year.

"This means that Thailand would have to persuade less developed ASEAN members to open up their financial market by offering incentives," he said.

Country To Participate in WTO Financial Deal

BK2807075095 Bangkok BANGKOK POST in English 28 Jul 95 p 32

[Report by Peter Mitri Ungphakon]

[FBIS Transcribed Text] Thailand has agreed to participate in the World Trade Organisation's [WTO] new financial services liberalisation package, even though the United States is not participating, a Thai official confirmed yesterday.

Under non-discrimination clauses of the WTO's General Agreement on Trade in Services, this means American companies will be able to enjoy the same rights to seek access to the Thai market as companies from other countries even though the United States has made no similar commitments, she said.

The official, who spoke on condition of anonymity, said WTO members were willing to allow the United States to "free ride" on the agreement in the hope that this would put pressure on Washington to sign on later.

The United States withdrew from the financial liberalisation talks late last month because it was dissatisfied with the market-opening offers of a number of countries, particularly in East Asia. American negotiators said these countries' limited offers would have allowed their nationals to enjoy freer access to U.S. markets without having to grant similar freedoms to U.S. companies.

At that time, Thai official said Washington had dropped its objections to the Thai offer following clarification on certain points.

The Thai commitment largely confirms policies that the Thai Government had already announced, such as the expansion of Bangkok International Banking Facilities and reductions in minimum Thai ownership requirements for insurance companies.

Thailand's recently announced intention to issue five new commercial bank licences was not included in the deal.

The financial services negotiations focussed on market opening measures that members pledged to implement under the WTO. They followed the principles of the General Agreement on Trade in Services that was initialed in April 1994 at the end of the Uruguay Round of world trade talks.

Bargaining on financial services market-opening commitments should have ended with the conclusion of the Uruguay Round, but the U.S. refusal to grant its commitments to all WTO members equally forced participants to delay the agreement.

Following the breakdown of talks last month, a strong rescue effort by the European Union was needed to achieve this week's agreement.

Chuan Attacks Coalition's Image, Limitations

BK2707060795 Bangkok THE NATION in English 27 Jul 95 pp A1, A3

[FBIS Transcribed Text] Democrat leader Chuan Likphai targeted the Banhan coalition's greatest vulnerability — its image — during the parliamentary debate on its policy statement yesterday.

Chuan focused a powerful attack on the credibility and honesty of the Banhan administration which lasted for more than three hours.

In a dramatic switch of roles in the assembly hall for the first time, Prime Minister Banhan Sinlapaacha sat pensively on the government bench as Chuan unleashed a characteristically stinging but eloquent onslaught which capitalized on the negative public reaction to Banhan's Cabinet line-up.

"Forget implementing this national policy," Chuan said. "With this Cabinet, all people need to know is whether the prime minister will be able to prevent corruption."

In what became one of his longest parliamentary speeches, Chuan sarcastically said he had sympathy for Banhan "who did his best with the choices he had" in forming the much-criticized Cabinet.

"I don't blame the prime minister who had said his Cabinet would not disappoint the people. Banhan's standard and the people's standard are apparently different. Moreover, I know his limitations. He could not have made it better," the former prime minister said.

Pre-empting government attempts to dismiss attacks on personalities as irrelevant, Chuan said the success of the government's policies would depend on those empowered to implement them.

Responding to Banhan's repeated calls for the public to give the government a chance to prove itself, Chuan pointed out that as far as the people were concerned, offering that opportunity was one thing but forgetting bad records was another.

"One can call for a chance to prove himself, but one cannot simply bury a corrupt past just like that. If you have cheated or taken bribes before, being a prime minister or minister cannot whitewash that," Chuan said.

He warned that the Banhan government would be closely watched by the people and HM the King's stern advice made when the new Cabinet was sworn in last week, must be heeded. The Monarch, who told the new administration that "the people are now smarter", emphasized "honesty" and "legitimacy'' in his speech.

"There's nothing that can be done about one's past," Chuan said. "All we can hope is that this past we are concerned about will not be repeated, otherwise it will ruin our country's future.

"I believe in the sacredness of the Royal warning, so nobody must ever try to recoup the money they invested in the election. Nobody must even try to cheat to gain one or two satang [Thai monetary unit]," Chuan said.

The attack followed Banhan's reading of the government's policy statement, which the opposition said was made without a sense of priorities and largely influenced by a populist point of view.

Chuan sarcastically thanked Banhan for "accepting much of the previous government's policy". The Democrat leader also claimed his government's traffic master plan laid an important foundation that would allow the Banhan administration to solve Bangkok's traffic woes.

Other opposition leaders joined Chuan in the first showdown between the two camps, although Chat Phatthana leader Chatchai Chunhawan, who has been rumoured to be preparing to join the government in the near future, largely offered mild remarks that drew smiles from Banhan.

Chatchai's statements did not focus much attention on the image problems plaguing the government, but instead on such issues such as frequent bank robberies which he said would undermine the government's plan to make Thailand a regional financial centre.

Following up aggressively on Chuan's lead was Seritham leader Athit Urairat who said the Cabinet line-up simply reflected how much influential and controversial figures had dictated the formation of the government.

Moreover, Athit charged, several politicians who lost battles for key posts had not hidden their reluctance to receive less powerful portfolios.

"The prime minister paid no attention to their tainted backgrounds," Athit said. He cited as an example the controversial Siyat dam bidding which was plagued by charges of bribery and intimidation.

The company which won the bidding was owned by the father-in-law of Deputy Finance Minister Newin Chitchop.

Before the debate was adjourned at 1120 pm, Democrat Suthep Thuaksuban, whose controversial implementation of land reform led to the Chuan government's downfall, attacked the new administration's land reform policy.

Suthep said what was stated in the new government's policy — that substantial land reform would be carried out and, separately, that troublesome land ownership would be rectified — suggested that the government planned to give illegally acquired forest land to encroachers for good.

"Prime Minister Banhan said during the election campaign that poor people would be given Sor Por Kor [a kind of land title] deeds (which are not transferable) while the rich will be given Nor Sor 3 [another kind of land title) deeds (which can be sold)," Suthep said.

"Now I'll wait and see if the Wang Namyen boss (Chat Thai secretary-general Sano Thianthong), who once accused me of robbing the country, will get legal ownership of tens of thousand rai [one rai is equivalent to 1,600 square meters] to of land," Suthep said.

Boost in Domestic Savings Rate Sought

BK2707074995 Bangkok BANGKOK POST in English 27 Jul 95 p 32

[FBIS Transcribed Text] Thailand aims to boost domestic savings as a further measure in its fight against a growing current-account deficit and inflation, Bank of Thailand governor Wichit Suphinit said.

"The answer to inflation is more savings and competitive exports. Fiscal discipline is the centre piece of this government's policy," he told reporters.

Inflation has been creeping up in Thailand recently and has come under government and central bank focus.

The central bank said inflation surged 5.4 percent in the second quarter of this year after 4.8 percent in the first quarter and 5 percent for the whole of 1994.

The bank believes annual inflation can be held at around 5 percent this year, provided liquidity is mopped up through measures such as the issue of 10 billion baht of short-term notes from next month and high interest rates.

Another major worry is the current-account deficit which has ballooned recently. The central bank has projected the deficit will widen to 257 billion baht or 6.3 percent of gross domestic product from 5.8 percent forecast in December and 5.9 percent in 1994.

Heavy inflow of foreign capital to take advantage of high Thai interest rates has also compounded the domestic liquidity situation.

Mr Wichit said if the Thai liquidity situation worsened, the central bank could ask commercial banks to maintain their 7 percent reserve requirements in cash, to overcome the situation.

Currently, the reserves can be maintained in "acceptable bonds". With the expectations of a budget surplus this fiscal year the Bank of Thailand would likely have to use monetary policy to keep the Thai economy on an even keel, Mr Wichit said.

He hoped the planned opening of new activities in the services sector would also help curb the growing current-account deficit.

He said the central bank had asked the International Monetary Fund to send an expert to Thailand to help it overhaul the system through which capital flows in and out of the country were measured.

An adjusted system to get more accurate and up-to-date current- account deficit figures amid large shifts in capital was needed, he added.

On the liquidity situation Mr Wichit said commercial banks' loan extensions in the first five months of this year averaged 68 billion baht per month, totalling of 340 billion baht.

Of this, foreign lending accounted for only 10 percent.

In the coming seven months, it was projected that loan extensions would grow to 75 billion baht per month.

Overall, loan growth this year was expected to increase by 24 percent over last year, he added.

"High interest rates have been effective in controlling bank lending. Foreign inflows are still small, compared with overall commercial bank lending," he said.

Tax Exemption Weighed for Long-Term Deposits

BK2807071195 Bangkok BANGKOK POST in English 28 Jul 95 p 17

[FBIS Transcribed Text] The Bank of Thailand and the Finance Ministry have for the first time agreed that tax should be waived on interest gained from long-term deposits.

The tax rate is now 15 percent and is imposed on all kinds of term deposits.

Nopphamat Manolihakun, chief spokesperson for the Bank of Thailand, said the bank had proposed to the Finance Ministry that tax be waived for interest on education, housing and post-retirement accounts with terms longer than three years.

The central bank's move is apparently in quick response to new government policies which say such accounts will be exempted from taxes.

Mrs Nopphamat said the final decision now rested with Finance Minister Surakiat Sathianthai.

She said the exemption of such taxes would not affect government revenue collection because the amount of money invested for longer than three years was small.

But it would encourage more long-term saving and help solve a widening gap of investment and savings — one of the country's most critical economic problems.

The Bank of Thailand has tried several times to convince the Finance Ministry to agree with the proposal to encourage more long- term savings.

But its attempt faced resistance from the Finance Ministry, particularly the Revenue Department, which feared the waiver would affect state revenue.

Thai Farmers Bank president Banthun Lamsam said he did not believe the exemption would succeed in encouraging more public savings.

"Whether people would save more depends on money in their pockets, not the exemption of tax," Mr Banthun said.

He said if the Government could keep inflation low, people would have more income and would consequently save more.

Behaviours of people are also important. Normally Thais prefer to spend more than saving. Mr Banthun suggested government agencies should launch a campaign to change Thai people's behaviours and encourage them to save.

Thai Farmers Research Centre said if the Government exempted interest taxes on long-term fixed deposits for education, housing and post-retirement, government revenue would be reduced by only 3.11 billion baht, or 0.46 percent of the total revenue in the 1994 fiscal year.

It said the Bank of Thailand earlier proposed to exempt tax for interest from fixed deposits not exceeding 500,000 baht in each account. The total deposits of this type are 404.54 billion baht or 21 percent of total fixed deposits. Hence, if the Government also waived taxes on interest from these deposits, government revenue would be reduced by only another 6.52 billion baht per annum.

Both categories would cut government revenue by 9.63 billion baht, or 1.4 percent of the total revenue in the 1994 fiscal year, figures showed.

The centre said it would be difficult to know the real purpose of accounts listed for housing, education and post-retirement.

It said it would be more practical to accept an earlier proposal from the Bank of Thailand to exempt taxes on interest from fixed deposits not exceeding 500,000 baht.

But they would then have to ensure people did not break money into many separate accounts.

Minister Orders Study of Interest Tax Cut

BK2707081895 Bangkok BANGKOK POST in English 27 Jul 95 p 32

[FBIS Transcribed Text] Finance Minister Surakiat Sathianthai started flexing his muscles yesterday by beginning a process that is sure to be a winner with the public — a reduction or an ultimate end to taxes on interest earned on fixed deposits.

A ministry source said Dr Surakiat had asked the Bank of Thailand and the Fiscal Policy Office to weigh the benefits and disadvantages of such a tax cut.

Currently, interest gained from fixed deposits of over 100,000 baht are subject to 15 percent withholding tax. The minister is said to be looking at three options: cutting the tax to 10 percent, imposing it only on deposits exceeding 500,000 baht or waiving it altogether.

Before he decides, Dr Surakiat wants to know how much revenue the Government might stand to lose by cutting such taxes. One concern is the effect on the state expenditure budget for fiscal 1996, which the Government plans to increase by 15 billion baht.

A tax cut and a larger expenditure budget could add up to an inflation rate above 5 percent. This would provide ammunition for doomsayers who have questioned the minister's ability to resist politically popular but fiscally unsound moves.

According to the Revenue Department, interest taxes rank third as a revenue source on the personal income tax list.

In fiscal 1994 the department collected 366,435.14 million baht in taxes, an increase of 65,967.36 million baht or 21.95 percent over the previous year. Of the total, personal income taxes accounted for 67,352.38 million baht, up 18.5 percent or 10,516.97 million baht.

So far in fiscal 1995, from October 1994-June 1995, the department has collected 304,833.8 million baht, a 21.92 percent jump from the corresponding period of the previous year. The amount exceeds the revenue projection by 31,074.38 million baht constituting 11.35 percent of the revenue budget.

Of the total, 63,370.09 million baht came from personal income taxes, a 25 percent rise over the previous year.

In another development yesterday, Bangkok Bank slashed the interest rates on baht-denominated non-resident accounts.

The new rate is 9 percent for deposits of three, six or 12 months, regardless of the amount. Previously, the rates had ranged from 10.25 percent on accounts under 500,000 baht to 12 percent on accounts over 20 million baht.

Central Bank To Tighten Financial Policies

BK2807073595 Bangkok BANGKOK POST in English 28 Jul 95 p 19

[Report by Sunrat Bunyamani]

[FBIS Transcribed Text] The Bank of Thailand plans to implement stricter financial and interest rate policies to prevent the economy from overheating in the second half of the year.

However, the central bank believes the current interest rates match the overall economic picture for the latter half of the year, said Bandit Nichathawon, deputy director of the central bank's Economic Research Department.

If interest rates were lower, the economy might accelerate too much, causing inflation and the current account deficit to rise unchecked, he said.

He explained that four factors will exert extraordinary pressures on the Thai economy in the latter half of the year.

The first is increasing agriproduct prices, which are expected to rise by 4-4.2 percent, up from a 3.6 percent increase last year. For the first time, farmers will enjoy a double-digit increase in their incomes.

Second, Thai exports will continue to swell. Traders will expand their share of the Asia-Pacific market, which is now the largest market for Thai exports. Some 35 percent of the Thai exports are to Asia-Pacific nations, driving the country's entire export volume up by 23 percent this year.

Third, budget spending will speed up in the third quarter of the year because this is the last quarter for budgets to be spent, Mr Bandit said.

Finally, investment and inflow will tend to increase because interest rates outside Thailand are lower than local ones.

These four factors may stimulate spending in the latter half of the year and if proper monitoring measures are not in place, inflation, imports and the current account deficit may rise and bar economic expansion next year, he warned.

Spending remains the main focus of the central bank's financial policy for the latter half of the year.

Mr Bandit said keeping interest rates higher than those in other countries did not run counter to this policy. The interest rate policy is an attempt to find the most appropriate instrument for Thailand's economy, which is sensitive to short-term inflow. At the same time, the difference between exports and real investment is still high, at approximately six per cent of gross domestic product.

The central bank also plans to issue bonds in the second half of the year to manage liquidity and will require commercial banks to maintain a cash reserve of liquidity assets for non-resident accounts at seven per cent.

If it becomes necessary, the Bank of Thailand will place more weight on monitoring the cash reserve, he said.

Bank of Thailand governor Wichit Suphinit added that if the central bank's measures failed to curb short-term inflow and mobilise deposits, the central bank would step up its regulations to require banks to reserve all of their liquidity assets in cash. Currently, only two per cent of reserves must be cash, while five per cent can be in bonds.

Mr Bandit said the central bank had begun implementing a stricter financial policy early this year and this would start to bear fruit by the latter half of the year. He noted that the financial market has become more balanced than late last year, when credit expanded by 30 percent and deposits rose by just 13 percent.

After six months of stricter control, real interest has increased by one per cent, narrowing the growth gap between credit and deposits to 4.1 percent from 8.8 percent.

The central bank has said commercial banks must build up their deposits to prepare themselves for more intense competition when the market is liberalised.

PRC Military Buildup, 'Harsh Rhetoric' Viewed

BK2707062795 Bangkok BANGKOK POST in English 27 Jul 95 p 4

[Editorial: "China Must Explain Its Outbursts to Neighbours"]

[FBIS Transcribed Text] China has fired off a series of shots recently, literally and figuratively, to cause some concern among neighbours. Even taken individually, recent events could have been troubling. What has caused reservations, however, has been Beijing's decision to accentuate harsh rhetoric over explanation.

China's military fired up to six missiles in tests off Taiwan's northern coast and its generals moved squadrons of warplanes close to the southeast Chinese coast. Last night Beijing said it had halted the exercises, two days earlier than scheduled. Prior to the announcement came word from Taipei that Taiwan would spend much of next month test-firing U.S.-made Standard shipborne surface-to-air and anti-ship missiles. The Beijing government, meanwhile, has launched a series of particularly strident verbal attacks on the Taiwan administration.

China's missile development programme was already worrying diplomats in the region and even further abroad. Beijing has locked itself into an escalating rivalry with India and Pakistan over who can win the race to have the best arms-delivery systems. The tests in the China Sea which began last Friday are obviously part of this escalating arms race. No explosives have been carried on the missiles fired by China, but there have been no official results reported, either. Some military experts monitoring the tests have revealed at least one missile fell into China itself, well off its target. But from Beijing, there has been no word beyond a warning, now lifted, to ships and planes to stay away from the testing range.

All three nations in this regional missile race see themselves as free of legal constraints in developing nuclear weapons. India and Pakistan have unwisely refused to join the Nuclear Non-Proliferation Treaty (NPT). China is a declared nuclear weapons owner under the pact. All three are pressing for advantage in the race by building up their arsenals of nuclear-capable missiles.

The weapons fired by Beijing's military are "M-type" missiles, which have a maximum range of 600 kilometres. But the centrepiece of its current programme is the Dongfeng 31, an intercontinental ballistic missile only recently fired successfully for the first time. The mobile-launched missile can carry a payload of 250 kilotons over 8,000 km. The nation also has some 15 silo-based ICBMs with ranges up to 15,000 km and up to 90 shorter-range ballistic missiles.

The missile tests have been inevitably seen as being connected with China's mounting concern over Taiwan. Beijing has refused to cool its anger over the visit to America last month by Taiwanese President Li Teng-hui. Many of China's friends are somewhat baffled by the intensification of the attacks. The most recent claim is that Mr Li plotted to declare independence for Taiwan while visiting the United States. Since American officials went out of their way to avoid meeting the Taiwanese leader during his visit to his old university, this claim has baffled many.

In Taipei, spokesmen denied the claims of any imminent independence declaration. Premier Lien Chan went out of his way to say Taiwan will continue to seek economic cooperation with China to end "confrontation and division." Officials were also concerned at China's decision to rebase an unspecified number of MiG-21 warplanes near China's eastern Nanjing military base. Ironically, the increased Chinese public anger at Taiwan has given political fuel to Taiwan's own opposition parties, at least one of which favours independence for the province.

As a major power, China owes its neighbours a better explanation for the series of events over the past days. The Chinese foreign ministry has sought to play down the missile tests. At a routine briefing last Thursday, ministry spokesman Shen Guofang called the firings "part of normal military exercises." If they are, then Beijing should provide the region with a fuller explanation of the project.

Similarly, it is possible to understand China's concern over Taiwan — and America — but to counsel a cooler approach. For at least 20 years now, most nations of the world, including Thailand, have agreed that China is one country, and that Taiwan is a province. This principle remains a cornerstone of most of the world's foreign policy towards China. The Taiwanese president has made private visits to many countries in the world, arousing only token protests from Beijing and no hint of a break in such policy.

As the most important regional nation, China has important obligations. Sudden outbursts such as the missile tests, anger at the Philippines over the Spratly Islands and harsh rhetoric at Taiwan are anxious developments we can do without. While it must attend to its pressing internal business and diplomacy with some countries, Beijing should not forget it has commitments to many other nations as well.

Banhan Government Economic Policy Examined

BK2607123995 Bangkok BANGKOK POST in English 26 Jul 95 p 17

[Report by Sunrut Bunyamani, Butsakon Phothisuthon, Phutsadi Arunmat: "Bankers See Possible Risk of Economic Overheating"]

[FBIS Transcribed Text] Bankers warn that the Government's economic policies, which focus mainly on infrastructure, might lead to overheating if long-term time frames are not specified.

The policy statement the Banhan Government will present to Parliament today creates a similar overall picture to that presented by previous administrations, according to Nimit Nonthapanthawat, executive vice-president of Bangkok Bank.

While the Cabinet's economic policies might cover all aspects, they contained nothing new, Mr. Nimit said yesterday. The only difference might be that they balanced economic sectors differently.

The Government's focus is on infrastructure while the preceding Chuan Likphai administration emphasised growth distribution to rural areas and Chatchai Chunhawan stressed international trade.

Infrastructural development has virtue in itself and the country is in dire need of it, according to Mr. Nimit. But the Government should consider fund procurement details, whether the country needs to implement all the projects and which should have priority.

Since the time frame and priority of each project was vague, the economy might become overheated if too many projects were running at the same time. But if all projects were designed to be implemented over a longer period, say 10 years, the problem might be avoided, he said.

The economy is developing at an accelerated pace. Credit extension is growing at 29.5 percent as opposed to the projected 24 percent. Inflation is exceeding the 5 percent projection at 5.4 percent. The Bank of Thailand has been forced to revise the country's growth rate estimate to 8.6 percent.

In these circumstances, inappropriate fund distribution to various infrastructural projects might lead to uncontrollable economic expansion.

Nonetheless, the policy on deposit tax exemption to promote long- term savings is appropriate. The investment-saving gap in Thailand is very wide.

On the other hand, Mr. Nimit disagreed with the policy to construct a high-speed train system as far as Rayong. He believes it should link only with Nong Ngu Hao as the project is designed to connect with large cities.

Sathit Uthaisi, another executive vice-president of Bangkok Bank, agreed with Mr. Nimit that the policies were a continuation of those initiated by previous governments, although different in some details.

He said he saw some discrepancies and conflicts in the policies. While the Government was trying to stabilise the economy, it was placing the main focus on infrastructure known to be a catalyst for unsustainable growth if not handled properly.

Uttama Sawanayan, first vice-president and manager of research and planning at Siam City Bank Plc, said since the time frames in particular of infrastructure projects had not been determined it was hard to judge whether or not the economy would overheat.

While spending on large projects is one aspect of an accelerated economy, others such as reckless spending in unimportant sectors are also culprits.

Although the new policies are not much to "brag about" to follow the footsteps of previous governments is appropriate as the country needs to hold on to the same principles to grow, according to Mr. Uttama.

Chatchawan Phannalap, first executive vice-president of Siam Commercial Bank Plc agreed with his counterparts from other banks.

A stock analyst from JF Thanokom said the Government's goal to boost the country's economic growth to

8.68.7 percent would certainly boost the performance of listed companies.

Because Mr. Banhan's finance policies were conservative, concern among investors would ease and the market in the long run would improve, said the analyst, who declined to be named.

Institutional investors were earlier afraid when the Government planned to increase spending in the national budget which would result in inflations.

But when it was clear it would control fiscal and monetary policy strictly, they were relieved and saw a brighter outlook in the medium and long terms.

Investors would like to wait and check the performance of the Government for a while before returning to the market fully, he said.

Chokchai Aksaranan, president of the Federation of Thai Industries, said the economic policy was comparable to those of previous governments and should make possible uninterrupted development.

Growth distribution to rural provinces properly remains the focus of the industrial development policy, according to Mr. Chokchai, but he said the move should be supported by land use that would not damage the environment.

A good approach would be to build industrial estates in which polluting and non-polluting plants were in separate zones, he said.

Measures should be taken to ensure there were no more factory clusters in large cities, as witnessed in Bangkok, Chiang Mai and Nakhon Ratchasima.

Human resource development could not be overemphasised, he said, as quality workers would make the country's industrial goods more competitive.

Editorial Recommends 'National Industrial Policy'

BK2807093795 Bangkok BUSINESS DAY in English 28 Jul 95 p 4

[Editorial: "Consensus Needed on Thailand's Industrial Future"]

[FBIS Transcribed Text] Now that rapid industrialization has become the hallmark of Thailand's economic growth and development, questions have been raised on the importance of having a comprehensive industrial policy. To many, the need for an industrial policy appears to be self-evident, but in academic as well as government circles throughout the world, the debate over the necessity of developing and implementing industrial policy rages on as it has for the past two decades, with no consensus in sight.

Thailand's policy makers would do well to keep an open mind on the merits of having a national industrial policy. Serious efforts should be made to determine whether the country needs to go beyond the current approach, which consists essentially of using the Board of Investment (BOI) to spearhead industrial development through various incentives and services.

The term "industrial policy" is itself subject to varying definitions and interpretations. The most commonly accepted framework for industrial policy formulation consists of looking at policy instruments in specific areas, including macro-economic policies and policies on trade, finance and labor. In addition, tax and investment incentives, industrial regulations and licensing, direct government investment and ownership, and infrastructure must be an integral part of industrial policy formulation.

A major study by the World Bank states: "Japan may well be the only industrialized country where the historical record of an explicit governmental industrial policy is currently regarded as highly successful and where the role of industrial planning has not been seriously questioned."

By contrast, the highly productive U.S. economy has never had an industrial policy, and the heated debate between the proponents and opponents of developing industrial policy for the U.S. has so far resulted in a clear victory for the opponents.

There are three major schools of thought on industrial policy: those who say that reliance on free market forces is all that is needed, and that government intervention will lead to harmful market distortions; those who acknowledge the need for some degree of government intervention for fear that the unbridled forces of the market may not take into account social and economic factors which do not directly contribute to profit maximization; and those who argue that comprehensive industrial planning with direct government intervention is not only desirable but necessary.

In Thailand's case, the reality is that the private sector will continue to be far more important than the government sector in determining the directions and scope of the country's economic future. What is needed is a meeting of minds between the government and business on the broader goals and objectives of industrialization and on establishing a proper balance among the various economic sectors. The government can provide a clear vision and a set of social and economic priorities while the private sector can deliver the products and services.

Industry Group Outlines 'Critical Issues'

BK2707075695 Bangkok BUSINESS DAY in English 27 Jul 95 p 1

[Report by Witsuta Phothong]

[FBIS Transcribed Text] The Federation of Thai Industries (FTI) has drawn attention to several critical issues that need to be addressed by the new government, an FTI source told BUSINESS DAY.

The FTI, led by Chairman Dr Chokchai Aksonrnan and Secretary-General Chatchai Bunyarattana, met on Monday night with Industry Minister Chaiwat Sinsuwong to discuss a wide range of issues relating to the new Government's industrial policies.

Mr Chaiwat was told that the new government should continue to implement the recommendations of the previous government's white paper on maintaining Thailand's global competitiveness.

Topping the list of issues discussed was a call for support of the ASEAN brand-to-brand auto complementation scheme, and rationalization of raw material and component import tax structures. FTI also asked the minister to review a planned increase in industrial water rates.

The FTI told Mr Chaiwat that the new government must pursue the brand-to-brand complementation scheme in the Asean auto manufacturing industry.

Under the scheme, ASEAN countries will each concentrate on specific areas related to auto manufacturing. The plan is for Thailand to concentrate on engine production, Indonesia on car seats, Malaysia on car frames and the Philippines on auto lights.

Tax breaks will be offered regionwide to participating firms. The policy aims to lessen the region's dependence on expensive imports from Japan and Europe.

The FTI told the industry minister that if the scheme was not implemented, auto manufacturers throughout the region would be adversely affected.

The industrialists said they were particularly concerned about an increase in the cost of industrial water that the Chuan cabinet approved on May 28.

The FTI said it was important to distinguish between water for industrial purposes and the more expensive potable water for household use which is treated with chlorine.

The source said that FTI also wanted Investment Zone 3 to be more clearly demarcated. Currently Zone 3 takes in all provinces not in Zone's 1 and 2, although only certain remote areas were in practical terms suited to industrial development.

The generous tax breaks and other promotions offered for Zone 3 has led to dumping charges from the European Union. This issue now needed to be dealt with, the FTI source said.

The FTI also criticized the high import duty on raw materials that made it difficult for domestic producers to establish themselves.

Mr Chaiwat cited the example of Hitachi Bangkok Cable. The company had proposed a 305 million baht optical fiber production facility for Rayong Province, but was put off the project because the import duty on finished optical fiber cable was only 5 percent while the duties for the raw materials needed to make the cable are as high as 30 percent.

Foreign Minister on ASEAN, Suu Kyi Invitation

BK2807083495 Bangkok Radio Thailand Network in English 0000 GMT 28 Jul 95

[FBIS Transcribed Text] Foreign Minister M.R. Kasemsamoson Kasemsi said he would hold talks with other ASEAN leaders on the preparations for the 5th ASEAN summit to be held in Thailand later this year. The foreign minister yesterday left for the ASEAN ministerial meeting in Brunei Darussalam. He said topics for the upcoming ASEAN leader summit in December will be ASEAN in the 21st Century. The foreign minister said that Thailand would like to see ASEAN consists of 10 Southeast Asian nations by the year 2000. He said that Vietnam will be officially admitted as the 7th member of the ASEAN today. Laos, Cambodia, and Myanmar [Burma] hope to join the regional grouping in the years to come.

On the news report saying that Thammasat University will present an honorary doctor degree to Myanmar opposition leader Aung San Suu Kyi, the foreign minister said his ministry is willing to issue a visa for her to visit Thailand as she is not a persona non grata. However, he said the issue is not so important that Aung San Suu Kyi will have to come for the degree for the time being. He says the released opposition leader has urgent tasks to make her country more democratic.

Officials Express View on Invitation to Suu Kyi

BK2807035495 Bangkok BANGKOK POST in English 28 Jul 95 p 1

[FBIS Transcribed Text] National leaders continued to jump on the bandwagon yesterday by offering their comments on the possible implications of a reported future visit by Burmese opposition leader Aung San Suu Kyi to Thailand.

But it became clear yesterday evening that Thammasat University had no plan, at least for now, to renew its invitation for the Nobel Peace Prize laureate to come here to pick up an honorary doctorate, which had been offered to her since 1991.

Rumours of her visit spread like wildfire three days ago when reporters based at various government agencies asked for comments on Thammasat's decision to grant her an honorary degree in political science and her visit to Thailand to receive it.

Anek Laothammathat, vice rector of Thammasat University, yesterday denied that the invitation has been renewed and confirmed that no official contact has been made with Mrs Suu Kyi concerning her visit to Bangkok to accept the honorary degree.

"I floated the idea through the press because I heard Mrs Suu Kyi had decided to visit Norway soon. It would be a good opportunity for us to invite her here," he said.

Mr Anek claimed that he has received support from the Foreign Ministry but a reliable senior official there denied Mrs Suu Kyi's visit to Thailand has been raised with the officials concerned.

Those who offered comments on the issue yesterday included Defence Minister Chawalit Yongchaiyut, Democrat leader and former prime minister Chuan Likphai, former deputy foreign minister Surin Phitsuwan, former deputy permanent secretary of foreign affairs Pracha Khunakasem and Army Commander-in-Chief Wimon Wongwanit, among others.

Mr Chuan said it was likely that the Burmese opposition leader's trip might cause the Rangoon government to feel uneasy.

He noted, however, that the invitation could be considered as Thailand's own internal affairs. The former premier said Thailand was a democratic country and that he saw no justification in the Government preventing her from making a visit to this country.

However, to prevent any misunderstanding over the incident, he said, the Government should clarify the issue with the Burmese government so they can understand Thailand's stance on it as a democratic country.

Meanwhile, Gen [General] Chawalit who is planning to officially visit Burma next month, said yesterday he didn't think Mrs Suu Kyi's visit would cause any problem as long as it is carried out carefully. He said an unofficial invitation has already been forwarded and that Mrs Suu Kyi has tentatively agreed to come.

Gen Chawalit said he considered it a good sign that the Burmese government has freed the opposition leader, saying he didn't think it would be unusual for Mrs Suu Kyi to engage in politics now that she has been released from detention.

The defence minister said he is quite confident that his trip to Burma next month will hel strengthen bilateral under standing between the two countries.

Army Commander-in-Chief Gen Wimon Wongwanit cautioned that all aspects had to be taken into consideration as to whether the visit would help strengthen or strain relationships with neighbouring countries.

However, though the Burmese opposition leader is famous for her contribution to the democratic struggle in her country; he said, one should also take the national interest into consideration before deciding whether the visit could have a negative impact on Thailand.

Former deputy foreign minister Surin Phitsuwan said the visit by the Burmese opposition leader might understandably result in negative criticism, adding it would be improper to bar people who played a key role in fighting for democracy from entering this country.

In the long run, he said, if the Burmese opposition leader is allowed to make a visit to Thailand, then the country might gain credibility for adhering to the human rights cause.

Thammasat Political Science Faculty Dean Seksan Prasoetkun, a former student leader in the early 70s, said yesterday he was confused with the reports about comments on the Burmese opposition leader's visit.

He claimed he didn't know anything about the visit.

"I don't know anything about it. I just know about it from the newspapers," said Mr Seksan, adding many lecturers at the university didn't know anything about the reported visit either.

Foreign Minister Kasem S. Kasemsi yesterday summed up the controversy.

"I believe that the Thai people always look to the future in whatever they do but I don't understand why we keep talking about something that has not happened."

Editorial Supports Invitation for Suu Kyi

BK2807051295 Bangkok BANGKOK POST in English 28 Jul 95 p 4

[Editorial: "Thammasat Bid to Honour Suu Kyi the Right Move"]

[FBIS Transcribed Text] The Thammasat University Council's plan to renew its invitation originally extended in 1991 to Burmese opposition leader Aung San

Suu Kyi to receive an honorary doctorate degree in Political Science has irked the top ranks of the Thai military. This hardly comes as a great surprise.

The top brass, ranging from Army Commander-in-Chief Gen [General] Wimon Wongwanit and Navy Commander-in-Chief Admiral Prachet Siridet to Army Assistant Commander-in-Chief Gen Chettha Thanacharo, have all voiced disagreement with the university's move on the grounds that it might cause a negative impact on Thai-Burmese relations.

Gen Wimon suggested that the university council reconsider the case. He questioned whether Suu Kyi's presence here was worth causing a split among the Thai people. Gen Chettha, meanwhile, cautioned that since Thai businessmen have invested in and traded heavily with Burma, Thailand should maintain good relations with the State Law and Order Restoration Council (SLORC) which is in full control of that country.

Contemptuous of what it perceives as the imposition of western standards on this country and apathetic over extensive human rights violations in Burma, the Thai military has always made known its view that maintaining a close and cordial relationship with SLORC is mutually beneficial to the two countries .

But others do not totally share the military's view. Former prime minister Chuan Likphai, for instance, said it is the sovereign right of Thailand to invite anybody here and there is no reason why Suu Kyi cannot be invited. Nevertheless, he suggested that a discussion should be held with the Burmese side to prevent any misunderstanding which might arise from Suu Kyi's visit — if that actually takes place. Thus, Mr Chuan's opinion represents a voice of civility and decency amid a chorus of disapproval.

Given the strained relations between the two countries which resulted from clashes earlier this year between Thai troops and Rangoon-led Democratic Karen Buddhist Army forces, the military's concern of a possible backlash from the SLORC may sound sufficiently valid.

But fear of a possible backlash from a brutal regime should not be the only consideration influencing the decision-making process. If it is, then we will always be subject to SLORC's intimidation. The credibility and image of this country in the civilised international community and the longer-term mutual benefits should democracy be restored in Burma must also be taken into account.

Suu Kyi may be something of a "nonperson" in the eyes of our top brass because she has no bearing whatsoever on bringing about fat benefits for Thai corporate interests. But to the Burmese civilians and all peace-loving people, she is a heroine. She also symbolises peaceful struggle for democracy.

In a world where civility and political decency have been sacrificed for the pursuit of narrow-minded self-interest, Thammasat University Council has responded to the call of conscience. Its plan to renew the invitation to Burma's lady of democracy to receive a degree to which she has been entitled for four years is morally correct and politically harmless and should be accorded full support.

The move is by no means an interference in Burma's internal affairs, but one which will enhance the relationship between the Thai and Burmese peoples. Perhaps the SLORC will feel threatened by such a noble act and may even feel hurt because it will never be accorded such an honour.

For a woman of her calibre, wisdom, charisma and political maturity, Aung San Suu Kyi is certainly fully aware of her vulnerability having just had her first taste of freedom after six years of house arrest. She will almost certainly know what, and what not, to say if she agrees to come here.

Thailand has business interests in Burma and they are to be protected by the Thai Government. But this does not necessarily mean that the Thai Government has to behave like SLORC and forego its sovereign right of judgement or discard its political decency and conscience.

What this country should be more worried about is not a possible backlash from SLORC, but how to humanise and civilise that regime so that Burma can be integrated into ASEAN and the international community.

Vietnam

Radio Reviews Relations With Russia

BK2707100695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 Jul 95

[FBIS Translated Excerpt] [Passage omitted on the history of the Russian Federation] The Russian Federation and Vietnam have a traditional relationship. Due to the renovation undertaking in each country, this relationship has been adjusted to suit the conditions and interests of the two countries in the present stage.

The Russian Federation continues to help Vietnam complete various projects started earlier. These include the Hoa Binh Hydroelectric Power Plant with a capacity of 1.92 million kw. Currently, there are 33 Vietnam-Russia joint venture companies operating in the fields of communications, maritime product, rubber planting and processing, tea, and coffee and so forth.

The largest project in Vietnam-Russia cooperation is VietSovpetro with registered capital of $1.5 billion. Since its establishment, the project has exploited more than 30 million tonnes of crude oil. Nevertheless, Vietnam-Russia economic cooperation was not in parallel with the potential and the existing relations between the two nations. To expand Vietnam-Russia cooperation, the two nations have exchanged visits of high-level delegations to exchange views and experiences in various fields.

During Prime Minister Vo Van Kiet's visit to the Russian Federation in June 1994, the two nations signed a new agreement on bilateral cooperation especially in economic, trade, scientific-technological, and national security domains.

The upcoming visit to Vietnam by Russian Foreign Minister Andrey Kozyrev will provide an opportunity for the two countries to discuss more areas of cooperation in the new stage for the interests of both sides.

Russian Foreign Minister Kozyrev Visits

Meets With Nguyen Manh Cam

BK2807105995 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Jul 95

[FBIS Translated Text] Russian Foreign Minister Kozyrev, accepting the invitation of Foreign Minister Nguyen Manh Cam, arrived in Hanoi on the morning of 27 July for an official friendship visit.

Foreign Minister Nguyen Manh Cam warmly received Foreign Minister Kozyrev and his entourage. The two ministers exchanged views on measures to strengthen cooperation and on international and regional issues of mutual concern.

Foreign Minister Nguyen Manh Cam voiced his support for the Russian Government's efforts to stabilize the situation in the country and solve the crisis, and also to find a political solution to the Chechen issue through negotiations on the basis of the sovereignty of the Russian Federation. He hailed and welcomed Russia's efforts to promote peace, stability, and security in Europe, the Asia Pacific, and the world at large. The Vietnamese side affirmed its policy to consolidate and strengthen its multilateral ties with the Russian Federation with priority given to economic and trade as the new bases.

Russian Foreign Minister Kozyrev highly valued the achievements of the Vietnamese people in their socioeconomic renovation and in carrying out their foreign policy of diversification and multilateralisation. He hailed the normalisation of ties between the United States and Vietnam, and Vietnam joining ASEAN, describing them as positive factors for peace and stability in Southeast Asia, Asia-Pacific, and the world. The Russian side expressed its wish for regular political meetings and to expand its cooperation in economic development as well as in other areas in the interest of the two countries.

Both sides wish and are determined to develop their ties to a new level, in accordance with their potential and requirements in the new situation. This includes strengthening their cooperation on the international and Asian Pacific issues for peace, stability, and development.

The talks were held in an atmosphere of friendship and total understanding.

Talks With Le Duc Anh

BK2807090195 Hanoi VNA in English 0616 GMT 28 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 27 — State President Le Duc Anh received here this afternoon Russian Foreign Minister Andrey Kozyrev now on a visit to Vietnam.

Foreign Minister A. Kozyrev conveyed regards from President B. Yeltsin to President Le Duc Anh and expressed his belief that the existing friendly and cooperative relations between the two countries would further develop in the interests of the two peoples, thus positively contributing to the strengthening of stability and development in each region.

President Anh highly valued the results reached at the talks between the two foreign ministers. He said that Vietnam has always attached great importance to the friendship and assistance of the people of the former Soviet Union as well as of Russia at present to the Vietnamese people's struggle for national independence, and national construction and defence.

He also expressed his belief that the traditional friendship and existing cooperation between the two peoples would be further consolidated and effectively developed not only in the interests of the two peoples but also for peace, stability and development in the region and the world as a whole.

On this occasion, President Anh asked Minister Kozyrev to convey his best regards and invitation to President Boris Yeltsin to pay an official visit to Vietnam .

Dissident Details Plan To Suppress Buddhists

BK2507113895 (Internet) VNForum in English 23 Jul 95

[FBIS Transcribed Text] The Vietnam Committee on Human Rights has just received an important document written by a veteran communist offical in charge of religious affairs which sheds new light on the Communist Party of Viet Nam (CPV)'s policy towards the Buddhist Church. The document, written one year ago, was sent to the Vietnam Committee with the plain inscription: "In offering for the 1995 Vesak Anniversary (the 2539th Anniversary of the Birth of Buddha). There was no indication as to whether it was sent by the author himself, Mr. Do Trung Hieu, or by another source. The author's address — 7D Phung Khac Khoan Street, 1st Ward, Ho Chi Minh City — is mentioned in the text.

Do Trung Hieu, code-name Muoi Anh, was born in Khanh Hoa, Central Vietnam. Before 1975, he was head of the Tri Tre Department (Mobilisation of Intellectuals, Students and Youth) for the Saigon-Gia Dinh area, under the direct orders of Tran Bach Dang. After 1975, he was appointed by Xuan Thuy to head the "Mission to Unify Buddhism". Maintained at this post by Xuan Thuy's successors Nguyen Van Linh, then Tran Quoc Hoan, Do Trung Hieu became the principal architect of the Party's policy to neutralise Vietnamese Buddhism, a policy which culminated in the creation of the State-sponsored Vietnam Buddhist Church in Hanoi on November 4th 1981.

The document, entitled "The Unification of Vietnamese Buddhism", comprises 50 type-written pages of comments and analysis on the CPV's strategy to neutralise — and finally to suppress — the Unified Buddhist Church of Vietnam (UBCV), and reveals valuable inside information such as the names, functions and influence of all those involved with this affair on both the Buddhist and Communist sides.

Mr. Hieu reveals that the CPV's main objective in forcing Buddhists to unify into one State-Church was to neutralise the UBCV, perceived as a major threat to Party authority.

The document describes the CPV's long-standing hostility towards Buddhism, and the consequences of this policy in North Vietnam. Xuan Thuy told the author that, as a result of Directive No. 20 drawn up by Tran Xuan Bach and signed by Party Secretary Le Duan in 1960: "In the North, Buddhist followers have all joined mass organisations, only old people (...) go to Pagodas to worship nowadays" and "bona-fide monks are few and far between". In short, said Xuan Thuy, even the most prominent communist figures of Buddhism such as the "inevitable" Venerable Pham The Long, or Venerables Thien Hao and Minh Nguyet (all members of the CPV, according to Mr. Hieu), have an "extremely limited" understanding of Buddhism and "are unable to respond to followers' needs".

In contrast, Mr. Hieu quotes Xuan Thuy's appraisal of the Unified Buddhist Church head-quartered at An Quang Pagoda: "The UBCV is not only a religious organisation of national proportions, but it is also a socio-political organisation with a wide-based popular following, significant international renown and a leadership of remarkably talented monks". Xuan Thuy warned that "if the unification process follows the proposal of Venerable Thich Don Hau, i.e. that the Buddhist Patriots' Liaison Committee (BPLC) is disbanded, and the Unified Buddhist Association (UBA) is incorporated into the Unified Buddhist Church of Vietnam and comes under UBCV leadership, the UBCV's influence will spread all over the country, and not just be contained in South Vietnam as before 1975".

Xuan Thuy feared that if the UBCV was allowed to develop along these lines, "the Party would never be able to control the UBCV. On the contrary, the UBCV would become an enormous, popular, religious organisation which, with its mass following of Buddhists, would constitute a permanent challenge for the Party and the government".

In fact, as Do Trung Hieu explains, the real objective behind the policy of Buddhist "unification" advanced by the CPV and its Mass Mobilisation Department was to "transform Vietnamese Buddhism into a people's association. Its structure should be inferior to that of an ordinary association, restricted exclusively to monks and nuns without any participation of lay-followers — a top-level structure without any popular structural base. We shall call it the "Vietnamese Buddhist Association (VBA)".

By restricting it within the limits of this association, the CPV's intent was to prohibit Buddhism — and thence the UBCV — from playing any social role: "Its (the VBA's) activities should be confined exclusively to the celebration of religious ceremonies and worship in Pagodas. It must on no account be allowed any activities related to society or to the people (...) Only Pagodas will be allowed to serve as the Association's bases or headquarters. Thus, the mass following of Buddhist laity will never be allowed to structure its forces into organic units of the Church".

Mr. Hieu denounces the consequences of the Party's religious policy after 1975:

Following Xuan Thuy's admission — implicitly that of communist authorities — that "the only thing the monks of the communist Unified Buddhist Association and the Buddhist Patriots' Liaison Committee will be able to do will be to 'carry the briefcases' of the UBCV", and that "Venerable Thich Tri Quang will scoop them all up in a sweep of his sleeve", the CPV's only way of maintaining control was to set up a State-sponsored body, the Vietnam Buddhist Church on November 4th 1981. Ostensibly an umbrella for the "unification" of Vietnamese Buddhism, the VBC was conceived to supplant the UBCV.

Do Trung Hieu affirms that the establishment of the VBC was the work of the CVP alone: "Out of the nine organisations and Buddhist schools attending the third congress, one belonged to the UBCV, whereas the eight others were all under the direct control of the Party (...). To preserve appearances, the task of unification was handled by Buddhist monks, but Party's control and its determination to transform Vietnamese Buddhism into a puppet of the CPV was obvious throughout the whole reunification process".

Thanks to Mr Hieu's revelations, the motivations behind the systematic campaign of repression launched by the communist authorities against the UBCV after 1975 became clear. This repression reached such a height that on November 2nd 1975, twelve monks and nuns burned themselves alive in protest at Duoc Su Pagoda in Can Tho. Repression and protests continue today, with a sharp escalation of tensions over the past three years (continued arrests of nuns, monks and Buddhist lay-followers; repression against the demonstration of 40,000 Buddhists in Hue on May 24 1993; clamp-down on the UBCV rescue mission for flood victims in the Mekong Delta in November 1994; arrests of Patriarch Thich Huyen Quang in December 1994 and Secretary General Thich Quang Do in January 1995).

Venerable Thich Tri Quang's four point proposal for Buddhist unification and the position of the late Patriarch Thich Don Hau.

The UBCV's former Patriarch Thich Don Hau was taken into the maquis by the communists after the 1968 Tet Offensive, then transferred to Hanoi, where he was made Adviser to the Provisional Revolutionary Government of South Viet Nam. In 1976 he became a Member of the National Assembly and Member of the Executive in the Central Committee of the Fatherland Front. However, he resigned from all these functions in protest against the Government's repression of the UBCV. According to Mr. Hieu, the Patriarch "maintained this position until the day of his death" on 23 April 1992.

His "position" was, in Mr. Hieu's words, an open and energetic opposition to the Government's policy of transforming Buddhism into a tool of the CPV. Mr Hieu recalls that "immediately after the liberation of South Viet Nam" in 1975 Thich Don Hau sent a Petition along these lines to Le Duan, Ton Duc Thang, Truong Chinh and Pham Van Dong. In response, "the Party turned down Thich Don Hau's proposals for Buddhist reunification and accused the Patriarch of harbouring evil intentions against the Party and the Vietnamese Government".

Mr Hieu's document also sheds light on the position of one of the UBCV's most enigmatic figures, the Very Venerable Thich Tri Quang. Giving an insight into Thich Tri Quang's 20-year long silence, during which he has refused all cooperation with the communist authorities and taken no part in the Party's "Buddhist Unification" operation, Mr Hieu reveals the four basic conditions set down by Thich Tri Quang for the unification of Buddhism in Vietnam:

1. "On the religious level, unifying Buddhism means developing the fundamental essence of Buddhism, i.e. Knowledge, Liberation of Being, and the respect for the monastic practices of the different schools" such as Hinayana (Small Vehicle) and Mahayana (Great Vehicle) Buddhism, both of which are practiced in Vietnam;

2. "On the organisational level, unifying Buddhism means establishing one religious body which has moral and legal authority both inside and outside the country". Local structures and "different schools should retain their own monastic practices" whilst respecting the directives of the central religious institution;

3. "On the social level, unifying Buddhism means conducting all Buddhist social activities under the directives of one central Church. This Church must be independent, and its doctrines must faithfully adhere to teachings and precepts of Buddha;

4. "On the executive level, unifying Buddhism means giving the Church freedom to appoint its leadership in a just and equitable manner, without compliancy, free from any political pressure (...). Leaders of the Sangha (community of monks and nuns) must be selected on the basis of their spiritual and moral authority alone, and their appointment should be approved by the entire Buddhist Sangha as well as by followers all over the country".

These proposals were flatly rejected by the Party's leaders, who remained hostile to the UBCV and wary of Thich Tri Quang's considerable influence. Indeed, the CPV perceived Thich Tri Quang as a formidable adversary, as Mr. Hieu reveals in a comment made by Muoi Ut (Nguyen Van Linh's code-name) to Tu Anh (Tran Bach Dang's code-name): "The National Liberation Front (NLF) has never been defeated by anyone, but Thich Tri Quang outwitted them three times running. Each time, in the subtlest possible way, Thich

Tri Quang rescued the Americans and their puppets (sic)".

Nguyen Van Linh was referring to three campaigns launched by Thich Tri Quang in 1964 and 1965, which the communists believed were deliberately directed against them. He recounts :

"In 1964, there was severe flooding in Central Vietnam. NLF [National Liberation Front] fighters were about to take over the puppet army's outposts, when Thich Tri Quang launched the slogan "Unified Buddhist Church of Vietnam Rescue Mission". With the five-coloured (Buddhist) flag floating on the dinghies, boats and helicopters, the NLF soldiers could not attack and the soldiers of the puppet army were saved."

Later, "in the same year, 1964, popular protests broke out against the puppet regime. The NLF sought to step up this movement in the cities by launching anti- government slogans. Thich Tri Quang chose that very moment to create the " People's Council for National Salvation" in Central Vietnam" and demand a civilian government. This attracted the whole population's attention to him, and our slogans were totally eclipsed".

Finally, "in 1965, after the American army had cynically invaded South Vietnam, the NLF stepped up revolutionary warfare against the American imperialist agressors. Thereupon, Thich Tri Quang launched the "Prayer for Peace" operation, which totally compromised the NLF's anti-American war efforts."

Mr. Hieu reveals widespread discontent within Communist ranks, and calls on the Party Secretariat to take the interests of the nation into account.

Do Trung Hieu gives his own view on the CPV: "The Politburo is a collectivity which operates as "every-man-for-himself" under the directives of the Secretary General. The Party Secretariat is another collectivity which operates as "every-man-is-king-of-his- own-castle" under the orders of the Secretary General. As for the Secretary General, he incarnates democratic centralism. This makes for the worst possible kind of dictatorial, feudal regime". He also gives the views of other Party members, such as Mr. Nguyen Huy Quang, a cadre in charge of mass mobilisation and religious affairs in the North, who bitterly commented: "This is not our Party, it's theirs, and theirs alone, even though we are members of it. For all that we are party members, we are nothing but pawns in their game".

Do Trung Hieu concludes with the analysis that the CPV's failure in economic management, which has lead the nation to bankrupcy, is nothing in comparison with the irreparable damage it is wreaking in the religious domain. He calls on the CVP to cease all interference in religious affairs: "When a company manager loses millions of dongs through mismanagement, he causes worry and hardship, but he can always find a way to earn back the loss. But in the religious domain, the slightest mistake can cause irreparable suffering for millions of people, especially all those who are in jail, who die in prison or in deportation. Nothing can replace such losses or repair such mistakes. I urge you to give this question serious thought and elaborate a project that fits the people's aspirations, working on the principle that one must "render unto Ceasar the things which are Ceasar's". (...) You cannot continue with policies that bring such harm to the nation and engender so much suffering to the mass of religious followers. For if you do, you will bear full responsibility and must take whatever consequences are to come".

New Airport Project Declines Foreign Assistance

BK2707094895 Hanoi VIETNAM ECONOMIC TIMES in English Jul 95 p 24

[FBIS Transcribed Text] Despite no shortage of proposals from foreign investors to upgrade Hanoi's Noi Bai airport, Vietnam has decided to go ahead with a project of its own to build an entirely new airport — without the involvement of foreign contractors.

The decision, which disappointed many contractors, came in a decree signed in early May by Deputy Prime Minister Tran Duc Luong, which made the Department of Civil Aviation (DCA) responsible for finding the $49.7 million earmarked for the job. It also said that the Noi Bai Airport Authority would oversee the project, which would be split into two phases ending by the year 2000.

Vietnam has not said exactly why it has declined the assistance of foreign investors, but industry sources say that the decision was taken in the interests of security given that the civilian part of Noi Bai borders an area used by the military.

The airport was built in 1960 and was used as a practice ground for pilots during the Vietnam War.

Japan's Mitsui and Britain's John Laing are among a slew of foreign investors who have been working on proposals to upgrade the airport over the last 18 months or so.

With passenger traffic estimated to reach 2.5 million passengers a year by 1997 and four million by 2000, according to official figures, the need for an airport of international scale is urgent, civil aviation officials say. Noi Bai currently handles 1.2 million passengers annually.

"The present airport is only a set of temporarily constructed buildings. If we don't build a new one now, we won't be able to meet ever-increasing demand in terms of passengers and freight: 1,325 passengers per hour in 1997 and 1,850 passengers per hour in the year 2000," said Dinh Xuan Huong, head of the DCA's investment and construction section.

The blueprint for the airport envisages a five-storey, 53,193 square meters terminal building on a 10 hectare site just north of Noi Bai Airport.

The second floor, with an area of 7,000 square meters, would be for transit passengers and would include lounges and a mini-hotel. The third and fourth floors, each 5,000 square meters in area, will connect passengers to 11 departure gates. It would have an additional basement area of 21,278 square meters.

The project would start in the third quarter of this year, according to Huong. "But in fact its origin dates back to the '80s," he said. The design is understood to have been the work of an overseas Vietnamese living in France named Vo Thanh Nghia.

The first phase would start in the third quarter of this year. The second will begin at the end of 1997 and should be completed by the end of the year 2000. The source of funding for this stage would be determined later, Huong said.

One salient feature in the new project is the use of 1,200 piles that were driven into the ground in the 1980s when a new airport was also planned. The existence of these piles should save the project 20 billion dong, Huong said.

It was not immediately clear where Vietnam would find the money to fund the project, but Huong said some of it could come from revenue generated by the DCA.

"The Vietnamese remain resolute in being self-supporting in the construction of such an important work in the capital, " Huong said, adding that the aviation authorities pay taxes amounting to almost 750 billion dong annually. It was not clear whether or not any Vietnam Airlines revenue would be used.

Although foreign investors appear shut out of the main project, Huong left open the possibility that they could be involved in other ways. Indeed, industry sources say it is inevitable that Vietnam will have to award some supply contracts to foreign companies as Vietnamese companies will not be able to provide all the technology and equipment needed.

"We can hire experts, foreign and native, to be advisors in the areas of design, construction and equipment," Huong said.

Studies on Nuclear Power Plant Conclude

BK2407051895 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 21 Jul 95

[FBIS Translated Text] The scientific research program on Vietnam's strategy for scientific-technological development in nuclear energy has been recognized by the State Science and Technology Commission after almost four years of extensive studies. This is one of the 118 research programs sponsored by the state for nuclear energy studies.

The aim of this program is to study the orientations and application of nuclear energy to the medical, agricultural, geological, meteorological, industrial, and basic scientific domains.

The program involved a feasibility study of the construction of a nuclear power plant on a long-term basis. It stressed various scientific and economic arguments concerning the necessity to build a nuclear power plant in Vietnam during the 2010-15 period. The study also highlighted significant issues related to balancing energy resources, diversifying electric power, improving the environment, and ensuring safety in the disposal of nuclear waste.

Australia

French Explanation of Nuclear Testing Reported

BK2807033795 Melbourne Radio Australia in English 0100 GMT 28 Jul 95

[FBIS Transcribed Text] France's foreign minister has written an open letter to Australia defending his country's right to test nuclear weapons in the South Pacific. Mike Robinson reports that the French Government maintains there will be no adverse effect associated with this testing program.

[Begin Robinson recording] The foreign minister's, Herve de Charette's, letter is a response to Prime Minister Paul Keating's June 28 letter published in a leading French newspaper. The minister said his letter is not designed to change the mind of those opposed to testing on principle. Rather, it seeks to dispel a number of misunderstandings. He says France has the deepest respect for South Pacific nations, but believes there is no scientific evidence the tests will have adverse affects.

In his letter published in today's SYDNEY MORNNG HERALD, Mr. Herve de Charette says the atolls involved are old volcanoes with extremely strong structures. He says no weakening or leaking had occurred. He says claims the tests will reignite an arms race are incorrect because the tests will examine existing weapons, not develop new ones. [end recording]

Evans Rejects French Assurances on Test Safety

LD2807101195 Melbourne Radio Australia in English 0900 GMT 28 Jul 95

[FBIS Transcribed Text] Australian Foreign Minister Gareth Evans says he does not accept renewed French assurances that nuclear tests in the South Pacific will be totally safe. Michael Rowland reports that Senator Evans was responding to an open letter by his French counterpart published in a Sydney newspaper.

[Rowland] French Foreign Minister de Charette said in the letter he wanted to dispel a number of misunderstandings about the tests. He said they would be totally safe and have no negative impact on the South Pacific. France's ambassador to Australia, Dominic Durar [name and title as heard], says it is an attempt to sway public opinion in Australia.

[Begin Durar recording] It was a letter to tell the Australian public a few things that do not generally receive enough attention nowadays. [end recording]

[Rowland] Australia's Foreign Minister Gareth Evans says, while he welcomes his French counterpart's measured attempt to justify the tests, concerns remain:

[Begin Evans recording] But the bottom line is, we don't expect now any more than we did at the beginning that there is any rational justification for these tests to take place. They are indefensible, unnecessary, and dangerous. [end recording]

Canada Shares Opposition to Nuclear Tests

BK2807083695 Melbourne Radio Australia in English 0500 GMT 28 Jul 95

[FBIS Transcribed Text] The Australian and Canadian Governments have discussed their mutual opposition to the resumption of French nuclear tests in the South Pacific during talks in Canberra today. Australia's foreign minister, Gareth Evans, discussed with his Canadian counterpart, Andre Ouellet, the ways of making further protests against the French move.

Mr. Ouellet says Canada shares Australia's concern at the imminent tests and has urged the French Government to review its decision. After the talks, he told reporters that it was important that there be concerted international pressure on France to sign the comprehensive nuclear test ban treaty.

[Begin Ouellet] What we want to be sure is that there is full understanding of the importance of their adherence to the treaty next year and we will coordinate our efforts in this regard with a number of countries and that has been the essence of the discussions today. [end recording]

Fiji

France Invites Newsmen, Others to Mururoa Site

BK2607072695 Melbourne Radio Australia in English 0500 GMT 26 Jul 95

[FBIS Transcribed Text] The French ambassador to Fiji, (Jacques Costelle), says journalists and representatives of Pacific island peoples would be invited to visit Mururoa next month prior to the resumption of nuclear tests in September. (Mr. Costelle) says the visitors will be taken to the atoll by ship from Papeete, the capital of French Polynesia, and would spend two days at the test site.

The ambassador also repeated that competent nuclear scientists will be invited to visit Mururoa at a date yet to be announced to entertain whether the tests have caused any environmental harm. (Mr. Costelle) said in Suva or he told the SUVA DAILY POST that the eight tests would end in May and that these would be the last France... which France conducted in the South Pacific.

Ministers Fired Over Vote on French Testing

LD2807104595 Melbourne Radio Australia in English 1000 GMT 28 Jul 95

[FBIS Transcribed Text] In Fiji, a parliamentary vote condemning French nuclear testing has led to the firing of three cabinet ministers. South Pacific correspondent, Erina Reddan, reports that the ministers helped defeat an amendment sponsored by Prime Minister Sitiveni Rabuka that would have weakened the condemnatory motion.

[Redden] Prime Minister Sitiveni Rabuka had told his party colleagues to vote according to their conscience, rather than along party lines. Education Minister Taufa Vakatale, Infrastructure Minister Leo Smith, and Information Minister Ismeli Bose, as well as two backbenchers, voted with the opposition to defeat Mr. Rabuka's amendment. Mr. Rabuka had been seeking to condemn all nuclear testing, rather than France's proposed tests. He has since sent a note to his information minister telling him he is relieved of his cabinet duties. Mr. Bose says his two ministerial colleagues have received similar notices.

Marshall Islands

Senator Claims U.S. Nuclear Data Cover-Up

LD2707135895 Melbourne Radio Australia in English 0700 GMT 27 Jul 95

[FBIS Transcribed Text] A Marshall Islands politician has accused the United States of covering up information about nuclear tests on the islands in the 1950's and 60's, and their effect on islanders. The accusation was made by a Marshall Islands senator, Tony (DeBrum). His comments came as a U.S. committee on human radiation experiments was finalizing a study of the tests, which is to be presented to President Clinton. A former foreign minister, a chief nuclear compensation negotiator, Mr. DeBrum said the U.S. Department of Energy and other agencies had only selectively released documents on the tests. The Marshall Islands Governments want more U.S. aid and compensation to deal with health problems blamed on the nuclear tests. The United States conducted 23 nuclear tests on Bikini Island in the Marshalls during the 50's and 60's.

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